



FINANCE DEPARTMENT

MEMORANDUM

SUBMITTED TO THE

THIRD FINANCE COMMISSION



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MEMORANDUM FOR THE THIRD FINANCE COMMISSION.

I INTRODUCTORY

The Third Finance Commission constituted by the President of India under Presidential Order No. Fc.5(1)-A/60, dated 2nd December 1960 has asked the State Governments to furnish information and proposals in respect of the following:—

(i) A forecast, year by year, of the estimated revenue and expenditure for the years up to 1965-66;

(ii) Information regarding rates of taxes and duties levied by the State Government, revisions of pay and allowances, important measures of administrative re-organisation, position of Taccavi and Land Improvement loans, road mileage, strength of Police establishment, statistics regarding schools and student population, hospitals, dispensaries, etc.;

(iii) Views of the State Government on the existing basis of the division of Income-tax and its modification, if any, proposed by the State Government;

(iv) Views on the existing divisions and suggestions in regard to the future allocation of the duties of Central Excise and other divisible Central Taxes in which States are interested, viz.:

- (a) Estate Duty in respect of property other than agricultural land;
- (b) Additional Duties of Excise on textiles, sugar and tobacco; and
- (c) Tax on Railway Fares.

2. A statement showing the forecast of revenue and expenditure for the next five years is appended. (Appendix 'A'.)

3. Appendix 'B' to this Memorandum contains detailed information regarding rates of taxation and duties and other items referred to in (ii) above. This information has been compiled by the Director of the Bureau of Economics and Statistics of the State Government.

4. Before dealing with the specific matters on which the Third Finance Commission has asked for comments [clauses (iii) and (iv) of para 1 above],

it seems necessary to indicate briefly the requests made by the State Government to the Second Finance Commission, the recommendations of the Second Finance Commission, and the effect of these recommendations on the State finances during the last five years with particular reference to the problem of financing the outlay on the Second Five-Year Plan, and financial commitments of the State Government arising out of the Second Five-Year Plan.

REQUESTS TO SECOND FINANCE COMMISSION.

5. In the Memorandum which was submitted to the Second Finance Commission in January 1957 (just a few months after the formation of the new State) the Andhra Pradesh Government made the following proposals:—

1. ALLOCATION OF RECEIPTS FROM CENTRAL TAXES.

(a) *Income-tax*.—The percentage of net proceeds allocated to various States may be raised from 55 to 60 and part of these proceeds allotted among the States on the basis of collections may be altogether eliminated thus distributing the entire share on the basis of population. The States may also be allowed to have a share in the Corporation Tax and Surcharge.

(b) *Union Excise Duties*.—The percentage of net proceeds distributed among the States may be raised from 40 to 60. The States may be given a share in all the excise duties at least on as many commodities as possible, particularly those, the proceeds of which are not being utilised for giving assistance to the States in other forms. Distribution of these receipts on the basis of population may continue.

(c) *Estate Duty*.—The entire net proceeds in respect of property, other than agricultural land, may be distributed among the States on the population basis.

(d) *Capital Gains Tax*.—The States may be allowed to have a share in the Capital Gains Tax also.

(e) *Additional Duties of Excise on mill made textiles, sugar and tobacco*.—On the basis of the 'Present Income' an amount of Rs. 305.79 lakhs per annum was claimed by the Government.

(f) *Tax on Railway Fares*.—The net proceeds of the tax on Railway fares may be distributed among the States on the basis of population.

2. INTEREST ON CENTRAL LOANS AND OPEN MARKET BORROWINGS.

Irrigation and Power Projects involving huge capital outlays, say, Rs. 10 crores and above without any immediate prospects of return may be treated as National Undertakings and interest on the loans given by the Centre for financing such projects may not exceed $2\frac{1}{2}$ per cent per annum.

Interest on loans given by the Centre for projects other than those coming under the definition of National Undertakings may be charged, five years after the completion of the projects and thereafter it may rise gradually from $2\frac{1}{2}$ per cent to 4 per cent per annum keeping in view the returns from year to year. Repayment of these loans may be spread over a period of 25 years and the instalments may start after the expiry of at least five years from the date of completion of the projects.

It was also suggested that there should be a single programme of open market borrowings covering the requirements of States and the Centre.

3. GRANTS-IN-AID.

The Second Finance Commission was requested to recommend substantial amounts of grants-in-aid, keeping in view the needs of the State and also the gap in resources for financing the Second Plan Schemes.

AWARD OF SECOND FINANCE COMMISSION.

6. The Commission's recommendations are summarised below:—

1. ALLOCATION OF RECEIPTS FROM CENTRAL TAXES.

(a) *Income-tax*.—Divisible pool of Income-tax receipts was increased from 55 per cent to 60 per cent. They also recommended that 90 per cent of this should be distributed on the basis of population and 10 per cent on the basis of collections. They further recommended that the basis of collections should be abandoned in due course.

(b) *Union Excise Duties*.—The Commission recommended that duties on sugar, tea, coffee, paper and vegetable non-essential oils (besides the duties on matches, tobacco and vegetable products) should also be distributed to the States and the States' share was fixed at 25 per cent of the collections from this source. They further recommended that 90 per cent of the States' share should be distributed on the basis of population keeping the balance of 10 per cent for making adjustment in favour of States placed in a less advantageous position in relation to others.

(c) *Estate Duty*.—The principles suggested by the Commission were as follows:—

(i) From out of the net proceeds of the duty in any financial year a sum equal to 1 per cent may be retained by the Union as proceeds attributable to Union territories.

(ii) The balance should be apportioned between immovable property and other property in the ratio of gross value of all such properties brought into assessment in that year.

(iii) The sum apportioned to immovable property should be distributed among the States in proportion to the gross value of the immovable property located in each State.

(iv) The sum apportioned to property other than immovable property should be distributed among the States in proportion to their population.

(d) *Additional Excise Duties on mill made cloth, sugar and tobacco*.—On the basis of 'present income' the Commission recommended Rs. 235 lakhs per annum for Andhra Pradesh State.

(e) *Tax on Railway Fares*.—The Commission recommended certain fixed percentages taking into account certain factors, viz., earnings of each Zone, route mileage in each State, etc. The share of Andhra Pradesh has been fixed at 8.86 per cent.

2. INTEREST ON CENTRAL LOANS.

In regard to loans made by the Government of India to the States between 15th Augus 1947 and 31st March 1956 the Commission recommended as follows:—

(a) with effect from 1st April 1957, in respect of loans made to the States for the rehabilitation of displaced persons and re-lent by them, the States be allowed to pay to the Union only the amounts of principal and interest collected including arrears, if any;

(b) no modification need be made in the rate of interest or terms of repayment of interest-free loans; and

(c) in respect of the remaining loans—

(i) the balances on 31st March 1957 of all loans carrying interest at 3 per cent or more per annum and repayable on or after 1st April 1977, be consolidated into one single loan at 3 per cent per annum repayable on 31st March 1987;

(ii) the balances on 31st March 1957 of all loans carrying interest at 3 per cent or more per annum repayable on or before 31st March 1977 be consolidated into one single loan at 3 per cent per annum repayable on 31st March 1972;

(iii) the balances on 31st March 1957 of all loans carrying interest at less than 3 per cent per annum and repayable on or after 1st April 1977 be consolidated into one single loan at $2\frac{1}{2}$ per cent per annum repayable on 31st March 1987; and

(iv) the balances on 31st March 1957 of all loans carrying interest at less than 3 per cent per annum repayable on or before 31st March 1977 be consolidated into one single loan at $2\frac{1}{2}$ per cent per annum repayable on 31st March 1972.

While the recommendations of the Second Finance Commission in regard to the rates of interest on Central loans were accepted by the Government of India with certain modifications, the other and more important recommendation regarding consolidation of outstanding loans, which would have afforded considerable relief to the State finances, was not accepted by the Government of India, although the Government of India had, at one stage, stressed that the Report of the Second Finance Commission should be treated as an Award.

3. GRANTS-IN-AID.

The Commission recommended a grant-in-aid of Rs. 4 crores each year for the period 1957-58 to 1961-62 for this State, out of which Rs. 75 lakhs per annum were required to be set aside as contribution to the Natural Calamities Fund.

II STATE FINANCES

The State of Andhra Pradesh was formed on the 1st November 1956. It consists of 20 districts of which 11 districts represent the former Andhra State and the other 9 districts comprise the Telugu speaking areas of the erstwhile Hyderabad State. The administrative set up and the fiscal policies prevalent in Telangana were somewhat different from the position obtaining in Andhra area. A major part of the first two years of the Second Five-Year Plan had, therefore, necessarily to be devoted to the problems arising out of the merger of the two areas, such as, integration of services, introduction of a uniform system of administration, tax structure, etc., in the two areas and gearing up of the administrative machinery generally, in order to enable the State to fulfil its obligations under the Second Five-Year Plan.

2. The State was committed to a Plan outlay of Rs. 175.74 crores for which it had undertaken the responsibility of raising Rs. 48.80 crores through economies in expenditure, fresh taxation and public borrowings. The financial position of the new State was not particularly happy in 1956-57. Its normal revenue for the year 1956-57 was only Rs. 47.25 crores while the public debt liability stood at Rs. 108.46 crores on 1st April 1956. A careful study of the prospects of revenue and expenditure and other inescapable commitments, such as, the mounting cost of debt servicing, revealed that the State would not be able to meet its financial commitments unless the Finance Commission came to its rescue and recommended for substantial devolution of revenues and grants from the Central Government. It is gratifying that the Second Finance Commission fully appreciated the difficulties and needs of the newly formed State of Andhra Pradesh and recommended for an annual fixed grant of Rs. 4 crores from the Central Government, which helped considerably in stabilising the State finances.

3. The State Government, on its part, undertook to raise additional financial resources through fresh taxation and public borrowings on a much larger scale than was originally contemplated. The following table indicates the growth of State finances during the last five years:—

Year.	(Rs. in crores.)		
	Revenue Receipts	Revenue Expenditure	Public Debt as at the end of the year
1956-57 (approximate).	47.25	51.94	129.10
1957-58	62.33	55.11	152.72
1958-59	67.52	63.42	168.86
1959-60	81.94	74.63	185.28
1960-61	87.80	86.12	204.63

The details of Revenue and Expenditure are given in Appendix 'C'.

4. Principal items contributing to the growth of revenue are mentioned below:—

		(Rs. in crores.)	
Head.		1955-56.	1960-61.
(1)		(2)	(3)
1. Tax Revenue	...	25.57	43.62
2. Share in Central Taxes	...	6.58	16.68
3. Other Heads	...	8.28	27.50

5. On the expenditure side, the rise is mainly reflected under nation-building activities and servicing of public debt as shown below:—

		1955-56.	1960-61.
		(Rs. in crores.)	
1. Expenditure under Development Heads.	...	22.37	48.65
2. Debt Servicing	...	3.87	6.83

6. The large growth of revenue is attributable to:

(i) the benefits accruing from the Award of the Second Finance Commission;

(ii) the tightening up of administrative machinery and consequent improvement in collection of taxes; and

(iii) the bold taxation policy of the State Government.

During the last five years the State Government introduced numerous changes in the scope and rate structure of sales tax, motor vehicles-tax, land revenue, etc., as a result of which the receipts from fresh taxes rose from the original estimate of Rs. 9.60 crores to Rs. 24.49 crores which means an improvement of over 155 per cent over the original estimate. A list of these taxation measures is given in Appendix 'D'.

7. The State's contribution to the resources for the Second Plan also rose from Rs. 48.80 crores (as originally envisaged) to Rs. 84.13 crores as given below:—

(Rs. in crores.)

	Original Estimate.	Present Estimate.
1. Current Revenue Surpluses ...	5.10 ...	24.30
2. Additional Taxation by State	9.60 ...	24.49
3. Public Loans (Gross) ...	26.70 ...	28.91
4. Small Savings ...	5.00 ...	11.11
5. Miscellaneous Capital Receipts including withdrawals from Reserves (Net).	2.40 ...	4.68
Total ...	48.80	84.13



III ACHIEVEMENTS UNDER THE SECOND PLAN

The Second Five-Year Plan, as originally framed, contemplated a total outlay of Rs. 175.74 crores. The actual expenditure is, however, expected to be of the order of Rs. 180.65 crores distributed as shown below:—

(Rs. in crores.)

Sl. No.	Head of Development.	Original Provision.		Revised Provision.	
		Amount.	%	Amount.	%
(1)	(2)	(3)	(4)	(5)	(6)
1.	Agricultural Programmes.	39.96	22.7	36.60	20.3
2.	Irrigation & Power.	76.47	43.6	92.84	51.3
3.	Industries.	14.45	8.2	10.28	5.7
4.	Transport.	7.69	4.4	5.90	3.3
5.	Social Services.	34.50	19.6	32.36	17.9
6.	Miscellaneous.	2.67	1.5	2.67	1.5
Total.		175.74	100.0	180.65	100.0

PHYSICAL ACHIEVEMENTS.

2. *Agricultural Programmes.*—The drive to increase agricultural production received high priority in the State's Programme. Production was sought to be increased by numerous extensive and intensive measures. By the end of December 1960, 11.49 lakhs tons of urban and rural compost was produced and 2.2 lakhs tons of fertilizers like Ammonium Sulphate, Ammonium Nitrate, including Calcium Ammonium Nitrate, were distributed besides the establishment of 445 seed farms and construction of 323 seed stores to supply improved seeds to the ryots. To provide better irrigation facilities 435 filter point wells and 2,005 new wells were sunk besides the distribution of 2,310 oil engines and electric motors on Hire Purchase System, 153 tractors were also purchased and distributed to the ryots on Hire Purchase System. Out of the targetted 8.04 lakhs acres of additional area to be brought under irrigation through major, medium and minor irrigation projects, 4.77 lakhs acres were actually benefitted by the end of 1959-60. The Community Development Programme covered more than half of the State. By the end of December 1960, there were in all 326 Blocks—4 Multipurpose Blocks located in tribal areas, 5 Community Development Blocks, 82 Stage II Blocks, 192 Stage I Blocks and 43 Pre-extension Blocks—covering an area of about 73,596 sq. miles spread over

20,901 villages and 205.75 lakhs rural population accounting for 69.4 per cent of the area, 79 per cent of the villages and 79.7 per cent of the rural population. As a result of these and other measures, an additional production of 7.63 lakhs tons of foodgrains was realised during the first four years of the Plan. Under the animal husbandry programme, 26 Key Village Centres, 63 minor veterinary dispensaries, 35 veterinary dispensaries and 75 First Aid Centres were established during the period under review and the Rinderpest Eradication Programme is extended to the entire State and the following campaign is in progress. Towards the development of forests in the State, afforestation was done and regeneration plots were raised in an area of 12,878 acres and road works over a length of 275 miles was undertaken. The co-operative movement also recorded significant progress during the period under review. By the end of December 1960 there were 14,198 primary agricultural credit societies with a membership of 15.52 lakhs representing a coverage of 82.4 per cent of the villages and 24.5 per cent of the population in the State, and loans—short, medium and long term—to the extent of Rs. 16.33 crores were granted till the end of March 1960. In addition to the above 420 large-sized societies, 339 godowns were constructed till the end of March 1960 and construction of 120 godowns was taken up. With a view to increasing the people's participation in the movement, the implementation of Community Development Programme was transferred to the statutory democratic bodies, viz., Panchayat Samithis at Block level and Zilla Parishads at District level and as a result of this, the Community Development Programme in the State has received a new impetus.

3. *Irrigation and Power.*—Considerable progress was made in respect of the Development of Irrigation and Power during the period under review and nearly half of the Plan expenditure during this period was accounted for by this development head. Work on the Multipurpose Project, viz., Nagarjunasagar Project was keeping ahead of schedule and against the original Second Plan allotment of Rs. 32.30 crores, as much as Rs. 34.11 crores was spent by December 1960 and an expenditure of Rs. 39.07 crores is expected to be incurred on this project during the Second Plan period. Under Major and Medium Irrigation Projects an area of 2.69 lakhs acres was benefitted till the end of March 1960. Rapid strides were made in the programme for the electrification of towns and villages and by the end of December 1960, 1,766 towns and villages were electrified. The targetted installed capacity of 1,22,825 K.W. and the construction of 10,150 miles H.T. and L.T. transmission lines were achieved by the end of March 1960. As a result, the per capita consumption has increased from 7 units at the commencement of the Second Plan to 15 units by the end of March 1960.

4. *Industries.*—Under the Plan for the development of major and medium industries, the Government Ceramic Factory at Gudur expanded and the tunnel kiln was commissioned with effect from February 1959. Necessary share capital was collected for the establishment of four Co-operative Sugar Factories at Chodavaram, Amadalavalasa, Palacole and Chittoor and these factories are expected to go into production by the end of 1961-62. A sum of Rs. 39.66 lakhs was disbursed as loans under State Aid to Industries Act and a number of production-cum-training centres in various trades, viz., blacksmithy, carpentry, leather goods, bolts and nuts, crayons, plastic products, etc., were started. Six Industrial Estates were established at Hyderabad, Warangal, Vijayawada, Visakhapatnam, Samalkot, Nandyal, and the work on the establishment of three more estates at Cuddapah, Nizamabad and Chaudulal Baradari is in progress.

5. *Transport.*—During the period under review 1,920 miles of roads, were either newly formed or repaired and upgraded and a sum of about Rs. 69 lakhs was spent for the construction of bridges and culverts, etc. Under the scheme for the development of road transport, vehicles were purchased and used for the nationalisation of the Road Transport in some districts of the Andhra Region and a sum of Rs. 31.66 lakhs was contributed by the Government towards the State's share. A sum of Rs. 14.28 lakhs was spent towards the State's share under the scheme "National Highway No. 5, Diversion Scheme".

6. *Social Services.*—In the sphere of education 7,607 new primary and junior basic schools, 557 middle schools and 419 high schools and multi-purpose schools were opened. The enrolment of children in the Classes I to XI recorded an increase of 3.70 lakhs till the end of March 1960. The bed strength in various hospitals was increased. Specialised departments for V.D., E.N.T., T.B., etc., were opened in the various hospitals and satisfactory progress was recorded for the provincialisation of local fund institutions and establishment of primary health centres. A new Medical College was opened at Kurnool during this period. On the preventive side, the various All-India Programmes like eradication of Malaria, Filaria Control Programmes, B.C.G. Vaccination Campaign, etc., were successfully implemented. Under the housing programme, through subsidised industrial housing schemes, Co-operative Housing Scheme, Low Income Group Housing Scheme, etc., 7,742 dwelling units were built and the work in respect of some units was in progress. Craftsmen training institutions, 5 A-Type and 5 B-Type Labour Welfare Centres were opened in the State under the Labour and Labour Welfare Programme. District Employment

Exchanges were established in the districts where there are no Employment Exchanges and thus by the end of December 1960 there were Employment Exchanges in all the District Headquarters besides one at the Nagarajunasagar Project.

Towards the Welfare of Backward Classes, Scheduled Castes, ex-Criminal Tribes and Scheduled Tribes, 28,147 scholarships and 9,583 boarding grants were awarded to school going children besides the establishment of 14 hostels. In addition 150 wells were sunk and 69 miles of roads were formed in tribal areas and training facilities were afforded to tribals in Agriculture and Cottage Industry.

Under the Women Welfare Programme, 4 Service Homes besides Training Institutes for the field staff were opened. Under the Social Welfare Programme, 4 State Homes, 10 District Shelters and 43 Welfare Extension Projects were started. In addition, one Borstal School at Visakhapatnam, one junior certified school for boys and another for girls and a Remand Home for girls were opened at Hyderabad.

7. *Miscellaneous*.--Consequent on the reorganisation of the States and the functioning of Andhra Pradesh with its capital at Hyderabad the need arose for providing adequate accommodation for offices, officers and staff. During the period under review 1,294 buildings and quarters were constructed and work in respect of some more quarters/buildings was in progress. By the end of September 1960, 4,849 community radio sets were installed for the maintenance and installation of Community Radio sets in the State. The State's Statistical Bureau was also strengthened to take up the statistical items of work.

IV PRESENT LEVEL OF DEVELOPMENT AND FUTURE PROSPECTS

Agriculture.—As this State is a predominantly agricultural one, a large share of the Plan provision has been earmarked for the development of irrigation. This has obviously resulted in a reduction in the outlay on Social Services. The large outlay on irrigation is mainly accounted for by the spill-over of Nagarjunasagar Project which carries a large provision of Rs. 45 crores. The Andhra Pradesh State being a surplus State in food-grains could have more appropriately invested this money in Power Schemes and Industrial Development which would have helped in the advancement of the State quicker than the investment on irrigation projects. In view of the National importance for increased food production this mighty project which would increase food production considerably ought to have been included in the Central sector as proposed by this Government. As already suggested by this Government in their Memorandum to the last Finance Commission, all irrigation and power projects costing Rs. 10 crores and above (particularly those of All-India importance) may be classed as National Undertakings and financed wholly by the Centre. The Centre should be satisfied with a low rate of interest, not exceeding 2.5 per cent per annum, on the loans granted for financing such projects, since the benefits accrue to the country as a whole. The returns from the irrigation projects are generally very low compared to the return of investments on other enterprises like industries, etc. If the interest on the borrowings is high the returns will go down still further. According to the financial forecast of Nagarjunasagar Project, the return at the end of 20th year would be 2.2 per cent if simple interest at 4.5 per cent is adopted on the borrowings. In the present difficult financial position of the State Government, it will be very difficult to pay the interest on the loans taken from the Centre for Nagarjunasagar Project. The State Government's investment in the project now stands at about Rs. 39 crores involving interest liability of nearly Rs. 1.56 crores per annum, which will not be covered by returns from the Project for at least a quarter of a century. If the interest is to be paid during the Third Plan period on this loan, the State's resources estimated to be available for the Third Plan will be reduced to this extent. There is already a gap of about Rs. 20 crores in the State's resources required for financing the Third Plan, and this will further widen the gap in the resources. This Government strongly urge that the Central loans given for this Project should be made interest-free till such time as the project starts earning sizable revenue.

2. *Industry.*—Andhra Pradesh is rich in mineral resources like coal, iron-ore, manganese, mica, limestone, asbestos, barytes, etc., and is also noted for the abundance of its Agricultural and Forest produce such as cotton, sugarcane, oilseeds, tobacco and bamboo. Unlike, however, Andhra Pradesh's outstanding progress in the agricultural sector, industrial development has not made adequate headway in the State, largely due to causes outside the State Government's control. Owing to historical and economic factors which have conditioned and shaped the country's industrial structure, until recently the bulk of industry was largely concentrated around Calcutta, Bombay and to a lesser extent, Madras. These cities gradually reached a stage where the growth and expansion of industries became an exponential or self-multiplying process. Owing to the internal and external economies they offer to new industry, a sizable part of the large expansion which has taken place during the last 6 or 7 years has also found its way into these industrial centres. The result has been over-industrialisation of the most industrialised areas at the expense of the rest of the country.

3. The pace of industrialisation in Andhra Pradesh, as in several other States, has remained slow and unsatisfactory, because regulation of new industries under the Industries (Development and Regulation) Act, 1951, has been rather perfunctory and ineffective.

4. The following factors clearly bring the backwardness of this State:—

(a) The per capita investment in industry in Andhra Pradesh is Rs. 10.68 as against Rs. 46.1 of Bombay, Rs. 65.39 of West Bengal and Rs. 26.80 of Bihar.

(b) The per capita income is Rs. 8 as against Rs. 20 for All-India.

(c) Contribution to State income by factory industries in Andhra Pradesh is about 2.8 per cent only as against the All-India figure of 7.8 per cent.

(d) Productive Capital Investment in Andhra Pradesh is only 4 per cent of All-India total.

(e) Only 37.48 per cent of the population are economically active.

5. To overcome this industrial under-development the State Government have to play a positive role through investment in new industries on its own and/or by grant of special facilities and concessions to private industries.

6. Under the First Five-Year Plan, a sum of Rs. 1.20 crores representing only 1.2 per cent of the total plan outlay for Andhra Pradesh was spent on industrial development as against a provision of Rs. 188 crores for the whole country representing 7.9 per cent of the All-India Plan provision. Under the Second Plan, there has been some improvement and it is anticipated that a sum of Rs. 10.44 crores representing 5.8 per cent of the total plan provision of the State will be spent on industrial development. But even this improved outlay must be regarded as very low in comparison to the provision of Rs. 1,080 crores for the whole country, representing 22.6 per cent of the total outlay under the Second Plan on industries for the whole of India.

7. In order to give a fillip to industrial development in the State, the Government has recently set up two Corporations—one for the development of large industries and the other for the exploitation of the mineral wealth. It has also been decided to form a separate Corporation for the development of small industries while proposals for setting up of another Corporation for development of handicrafts is also under consideration. Government has also decided to supply power to new industries at concessional rates.

8. Power.—One of the reasons contributing to this state of affairs is the lack of cheap and abundant electric power. The installed generating capacity was increased from 43,100 K.W. to 98,900 K.W. towards the close of the First Plan. The number of villages and towns electrified rose from 212 at the commencement of the Plan to 700 at the end of the First Plan. The per capita consumption also increased from 2.5 units at the beginning of the Plan to seven units at the end of the First Plan. By implementing the various schemes included in the Second Plan, the installed generating capacity will go up by 128,820 K.W. while the per capita consumption of electricity would increase to 15 units by the end of the Second Plan. The Third Plan as proposed aims at a further increase of installed generating capacity by 460,900 K.W. and the per capita consumption from 15 units at the beginning of the Plan to 40 units by the close of the Third Plan.

9. Social Services.—The existing level of Social Services is inadequate. The percentage of literacy is very poor compared to the other States in the Southern zone. The position is still worse in the matter of literacy of the female population. The statement below gives the position in the various States, according to the preliminary estimates of 1961 census.

(EXTRACT FROM THE EASTERN ECONOMIST ISSUE OF MARCH, 31, 1961)

State	Literacy (1951)			Literacy (1961)		
	Total	Males	Fe- males	Total	Males	Fe- males
Andhra Pradesh	13.1	19.7	6.5	20.8	29.7	11.8
Assam	18.3	27.4	7.9	25.8	35.5	14.6
Bihar	12.2	20.5	3.8	18.2	29.6	6.8
Maharashtra	20.9	31.4	9.7	29.7	41.8	16.7
Gujarat	23.1	32.3	13.5	30.3	40.8	19.1
Kerala	40.7	50.2	31.5	46.2	54.2	38.4
Madhya Pradesh	9.8	16.2	3.2	16.9	26.7	6.6
Madras	20.8	31.7	10.0	30.2	43.0	17.3
Mysore	19.3	29.1	9.2	25.3	36.0	14.2
Orissa	15.8	27.3	4.5	21.5	34.4	8.6
Punjab	15.2	21.0	8.5	23.7	32.4	13.7
Rajasthan	8.9	14.4	3.0	14.7	22.8	5.7
Uttar Pradesh	10.8	17.4	3.6	17.5	26.7	7.3
West Bengal	24.0	34.2	12.2	29.1	40.0	16.8
Jammu & Kashmir	N.A.	N.A.	N.A.	10.7	16.3	4.2
<i>Union Territories:</i>						
Andaman & Nicobar Islands	25.8	34.2	12.3	33.6	42.4	19.4
Delhi	38.4	43.0	32.3	51.0	58.9	41.1
Himachal Pradesh	7.7	12.6	2.4	14.6	22.6	6.0
Laccadivi, Minicoy & Amindivi Islands	15.2	25.6	5.3	23.3	35.9	10.9
Tripura	15.5	22.3	8.0	22.2	32.2	11.4
ALL-INDIA	16.6*	24.9*	7.9*	23.7	33.9	12.8

* Excludes Jammu & Kashmir.

10. The development expenditure on certain essential Social Services like Education, Medical and Public Health is again very poor compared to the other States in the Southern Zone. The following statement compares the provisions made in the State Budgets for the year 1960-61 for Education, Medical and Public Health. This is so inspite of the fact that the per capita expenditure on Civil Administration is less than in Assam, composite Bombay, Madras, Punjab and West Bengal States.

PROVISION MADE FOR EDUCATION, MEDICAL AND PUBLIC HEALTH
AND CIVIL ADMINISTRATION IN THE BUDGET FOR 1960-61.

(In lakhs of Rs.)

States			Education	Medical & Public Health	Civil Admini- strations.
Andhra Pradesh	..	..	15,25 (4.24)	7,28 (2.02)	13,76 (3.82)
Assam	..	..	6,11 (5.13)	3,19 (2.68)	6,14 (5.16)
Bihar	..	..	13,21 (2.84)	6,82 (1.47)	12,71 (2.73)
Maharashtra & Gujrat	..	..	26,58 (4.42)	11,65 (1.94)	27,74 (4.61)
Kerala	..	..	14,73 (8.72)	4,95 (2.93)	5,03 (2.98)
Madhya Pradesh	..	..	13,10 (4.04)	5,08 (1.57)	11,37 (3.51)
Madras	..	..	15,50 (4.60)	6,88 (2.04)	13,30 (3.95)
Mysore	..	..	13,21 (5.59)	5,43 (2.30)	7,45 (3.16)
Orissa	..	..	4,77 (2.71)	2,59 (1.47)	5,37 (3.05)
Punjab	..	..	12,02 (5.92)	4,69 (2.31)	9,43 (4.65)
Rajasthan	..	..	9,87 (4.89)	5,06 (2.50)	7,82 (3.87)
Uttar Pradesh	..	..	17,27 (2.34)	6,92 (0.94)	20,55 (2.78)
West Bengal	..	..	13,70 (3.93)	10,37 (2.96)	13,86 (3.96)

(Figures in brackets indicate per capita expenditure)

11. Article 45 of the Constitution provides that the State shall endeavour to provide within a period of ten years from the commencement of the Constitution, free and compulsory education for all children until they complete the age of 14 years. At the end of the First Plan period, 54.3 per cent of the children between the age group 6 to 11 years were at school. During the Second Plan period it was proposed to increase the enrolment of children of this age-group by about 15 per cent. During the Third Plan, free, universal and compulsory education for 95 per cent of boys and 70 per cent of girls of the age-group of 6 to 11 years is proposed to be introduced. The initial commitment on account of the introduction of free compulsory education is estimated to be of the order of Rs. 2.5 crores. This state will be unable to implement the above provision of the Constitution without substantial grants from the Centre.

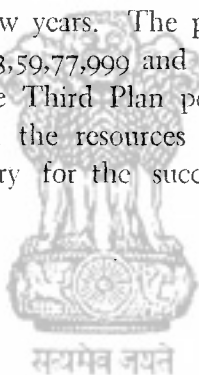
12. A provision of Rs. 55.5 crores has been made in the Third Plan for the development of Social Services, which works out to 18.2 per cent of the total outlay on the Third Plan as against 17.0 per cent in the Second Plan.

13. *Communications.*—Under communications also, much has yet to be done. The roads maintained by the erstwhile District Boards are in a very unsatisfactory condition as they were unable to provide adequate funds for their maintenance. Road development is the basis to national progress. The average road mileage per 100 square miles of area in Andhra Pradesh is only 18 whereas the All-India average is 25 miles per 100 square miles. As priority was not given for the development of roads in the First and the Second Five-Year Plans, the existing road system was improved with the meagre allotments and formation of new roads could not be taken up to any appreciable extent. The Third Plan seeks to increase the road mileage in the State so as to bring it up from the low average of 18 at present to 55 miles per 100 square miles, within a period of 20 years.

14. *Backward Classes, etc.*—There is a large population of Backward Classes, Tribes and Harijans in Andhra Pradesh and their demands for education, medical facilities and social uplift are steadily increasing. The grants which this State has been receiving under Article 275 of the Constitution have not been sufficient to meet the demands.

15. *Community Development and Panchayat Raj.*—Community Development Programme continued to be implemented successfully in the State. By the end of 1959-60, 282 blocks were opened in the State, covering an area of 59,397 square miles and a rural population of 188 lakhs spread over 17,739 villages. The administration of these blocks has been completely

decentralised with a three-tier administrative set up, namely, the panchayat at the village level, the Samithi at the Block level and the Parishad at the District level, all statutory organisations created under the new Zilla Parishads and Panchayat Samithis Act, 1959. As a result of this, Community Development Programme in the State has received a new impetus. Grants-in-aid to Panchayat Samithis and Zilla Parishads are given at the rate of 30 nP. per head of population while the Panchayats and Panchayat Samithis are paid at 25 nP. In addition to this, special grants on the basis of population and as per needs are also being given to these local bodies. The financial commitment of the State Government on account of democratic decentralisation is very heavy. The total grants, for instance, made to these local bodies, this year amount to Rs. 2.54 crores in addition to the grants sanctioned for institutions and schemes transferred to these bodies. This commitment will increase with the entire State being covered by Blocks within the next few years. The population of Andhra Pradesh according to 1961 Census is 3,59,77,999 and it is expected to rise to about 42 million at the end of the Third Plan period. Thus, the new set-up causes considerable strain on the resources of the State. Special grants from the Centre are necessary for the success of the Panchayat Raj in Andhra Pradesh.



V FINANCIAL RESOURCES FOR THE THIRD PLAN.

The outlay for State's Third Plan has been fixed at Rs. 305 crores broadly distributed as follows:—

Serial No.	Head of Development	SECOND PLAN		THIRD PLAN	
		Provi- sion	Percentage to total	Provi- sion	Percentage to total
		(Rs. in crores)		(Rs. in crores)	
1	2	3	4	5	6
1. Agricultural Programmes 36.58	20.20	73.08	23.96
2. Irrigation 58.01	32.10	76.23	24.99
3. Power 34.69	19.20	64.94	21.29
4. Industries and Minerals 10.44	5.80	19.43	6.37
5. Transport 5.90	3.30	11.56	3.79
6. Social Services 32.30	17.90	55.51	18.0
7. Miscellaneous 2.67	1.50	4.25	1.40
Total		.. 180.59	100.00	305.00	100.00

2. This includes as much as Rs. 118.56 crores for financing the schemes of the Second Plan which spillover into the Third, thus leaving only Rs. 186.44 crores for taking up new schemes.

(Rs. in Crores)

Serial No.	Head of Development		Proposed outlay during the Third Plan	Spill-over Expen- diture
1. Agricultural Programmes	73.08	21.09
2. Irrigation	76.23	64.12
3. Power	64.94	19.34
4. Industries and Minerals	19.43	6.27
5. Transport	11.56	3.70
6. Social Services	55.51	5.04
7. Miscellaneous	4.25	..
Total		..	305.00	118.56

3. The table below shows the distribution of outlays on various Major Heads of Development in the Plan of Andhra Pradesh as compared with the tentative Plan of all the States as proposed in the Draft National Plan.

S.No.	Head of Development	STATES' SECTOR OF NATIONAL PLAN		PLAN OF ANDHRA PRADESH	
		Provision (Rs. in crores)	Percentage to total	Provision (Rs. in crores).	Percentage to total
1.	Agricultural Programmes ..	900	24.3	73.08	23.9
2.	Major and Medium Irrigation ..	645	17.4	76.23	25.0
3.	Power ..	800	21.6	64.94	21.3
4.	Industries and Minerals ..	180	4.9	19.43	6.4
5.	Transport ..	225	6.1	11.56	3.8
6.	Social Service including Miscellaneous ..	900	25.7	59.76	19.6
	Total ..	3700	100.0	305.00	100.0

4. It will be seen that the allocations in the State Plan generally follow the priorities adopted in the National Plan under State sector. However, as this State is a predominantly agricultural one, a large share of the Plan provision has been earmarked for the development of irrigation. This has obviously resulted in a reduction in the outlay on other heads and particularly on Social Services.

5. As regards finances, the State has undertaken to raise Rs. 90 crores as follows:—

	Rs. in Crores	
1. Contribution on Revenue account (at the existing level of taxation) ..	14.77	
2. Additional Taxation ..	38.00	
3. Public Loans (net) ..	40.00	
4. Small Savings ..	17.50	
5. Contribution of Public Enterprises ..	6.23	
6. Excess of Non-Plan Capital disbursements over Capital receipts ..	(—)26.50	
Total ..	90.00	

6. The financial assistance promised by the Centre is of the order of Rs. 200 crores. This makes a total of Rs. 290 crores, leaving a gap of Rs. 15 crores, between the estimated outlay and the anticipated resources.

7. The position has been further reviewed and a careful projection of revenue and expenditure based on the existing level of taxation and commitments, respectively, has now revealed that the contribution on Revenue Account would be only Rs. 3.18 crores as against Rs. 14.77 crores provided in the original estimates.

<i>Particulars</i>	<i>For the 5 years from 1961-62 to 1965-66 (Rs. in Crores)</i>	
	<i>Estimates as furnished earlier to Planning Commission.</i>	<i>As now arrived at.</i>
RECEIPTS		
1. Share of Central Taxes	79.25	79.01
2. State Taxes	214.25	216.74
3. Non-tax Revenue	95.10	92.24
4. Statutory Grants from the Centre	20.00	20.00
5. Other grants from Centre	1.50	1.88
Total Receipts	410.10	409.87
EXPENDITURE		
1. Non-Development Expenditure	193.43	200.97
2. Development Expenditure	157.91	157.73
3. Maintenance expenditure on completed schemes of the Second Five-Year Plan	39.59	43.59
4. Transfers to Funds	4.40	4.40
Total Expenditure	395.33	406.69

8. The reasons for the differences between the estimates furnished to the Planning Commission and the present estimates are explained in Appendix (A).

9. As a result of the above changes, the resources for financing Third Five-Year Plan are now estimated as follows:—

<i>Particulars</i>	<i>As estimated earlier. As now estimated.</i>	
	<i>(Rs. in Crores)</i>	
1. Contribution from Revenue Account (at the existing rates of taxation, etc.)	14.77	3.18
2. Additional Taxation	38.00	38.00
3. Public Loans after providing for repayments	40.00	40.00
4. Small Savings	17.50	17.50
5. Contribution of Public Enterprises	6.23	6.23
6. Excess of Non-Plan Capital disbursements over Receipts	(—) 26.50	(—) 26.50
Total	90.00	78.41

10. The total resources now in sight are Rs. 200.00 crores + Rs. 78.41 crores = Rs. 278.41 crores. There will thus be a gap of Rs. 26.6 crores to finance the Plan of the order of Rs. 305 crores now envisaged. Even allowing for any improvements of Rs. 5 to 6 crores in the resources, the State will still be left with a deficit of over Rs. 20 crores for the Third Plan.

VI SPECIAL PROBLEMS AND NEEDS

Backwardness of Telangana and Rayalaseema.—There is a popular but mistaken impression that because the State is irrigated by three important rivers and is surplus in food, it is a prosperous State. With the exception of a few coastal districts, where agriculture has developed to a high pitch, the rest of the State, namely, the Rayalaseema area of four districts and seven of the nine Telangana districts, are almost perpetually affected by famine or near famine conditions. The poverty and helplessness of the ryots in these areas is appalling. Irrigation facilities are poor and agriculture continues to depend solely on the vagaries of the monsoon. There are no major industries which could provide alternate employment for educated classes and labour in urban areas and the landless poor in the rural areas. Inadequacy of power supply is also coming in the way of development of small industries. Educational facilities, health services and communications are also very poor, particularly in the Telangana area, where the attention of the Government, in the past, was mostly concentrated on a few cities like Hyderabad. The average per capita income of Andhra Pradesh was Rs. 220 in 1955-56 as against the All-India average of Rs. 239. It now stands at Rs. 231 as against the All India average of Rs. 265. By 1965-66 it is expected to rise to Rs. 258 when the All-India average will be above Rs. 311. A minimum investment of at least Rs. 75 crores is required to bring these areas to the average level of development obtaining in the rest of the country.

2. In assessing the needs of Andhra Pradesh, the Finance Commission will no doubt make reasonable allowance for these factors.

3. *Salaries of Government Servants.*—(a) In order to improve the emoluments of the low-paid employees, the Government of India had indicated their intention to meet 2/3rds of the expenditure incurred by the State Governments on or after 1st April 1957 for improving the emoluments of the low-paid employees drawing emoluments of Rs. 100 per mensem including the increase. The Government of India further stated that their assistance to the State Government would be continued for the duration of the Second Five-Year Plan. As the Central assistance was available, this Government sanctioned certain increases in the dearness allowance to their employees with effect from 1st April 1957. According to the estimates of this Government the annual contribution to this State from the Centre on account of their share in the scheme is of the order of Rs. 2 crores. While framing the estimates of resources available for financing the Third Five-Year Plan credit for a sum of Rs. 10 crores was

taken in the State's estimates on account of the Centre's share for this purpose. However, during the discussions held between the officials of the Planning Commission and the officials of this Government in November 1959, the officials of the Planning Commission in consultation with the officials of the Ministry of Finance, Government of India have intimated that the Centre is under no obligation to continue this grant during the Third Plan period. In the context of the further demands from low-paid employees and the State Government's inability to resist reasonable claims, it will be a blow to the State Government if even the present assistance is withdrawn. The payment of Rs. 10 crores from the Centre is inevitable during the Third Plan period.

(b) The revision of pay scales and allowances of the low-paid employees of the State Government and teachers of the local bodies and aided schools consequent on the implementation of the recommendations of the Pay Committee appointed in July 1958, involved an additional expenditure to the tune of Rs. 4.12 crores per annum. An extra liability of about Rs. 30 lakhs per annum had to be incurred by the Government as a result of upward revision of the scales of pay and allowances of the non-teaching establishments of the local bodies. Besides this, certain increases have also been given to the work-charged establishments. It is estimated that these measures will result in an extra expenditure of Rs. 50 lakhs per annum or Rs. 2.50 crores during the period 1961-62 to 1965-66. Provision for this additional expenditure has not been made in the forecast.

(c) Some of the Committees appointed by the Government, for instance, the Nalagarh Committee on Agriculture, have recommended that higher scales of pay should be given to agricultural staff. Similarly, the University Grants Commission has recommended higher emoluments for teachers of Engineering Colleges. If these recommendations are to be implemented by this Government, in pursuance of its large outlay in the Third Plan on Agriculture, Irrigation and Power, substantial aid from Government of India will be necessary.

(d) The scales of pay of Gazetted Officers have not been revised during the last 20 years, in spite of the high rise in the cost of living and revisions in adjoining States. There is a demand from the Gazetted Officers for revising their scales of pay. This demand could not be complied with earlier in view of the difficult financial position of the State.

(e) In the recent revisions of pay scales of the employees, made by the Centre and Madras, Mysore and other State Governments, the dearness allowance given to them has been merged with their pay. This State

has not done this. There are a number of representations from the employees of this State. In view of the difficult financial position of this State, the request of the employees in this respect could not be complied with in spite of the fact that this State is lagging behind the other neighbouring States in this respect. This measure, if sanctioned is estimated to involve an additional expenditure of Rs. 2 crores per annum or Rs. 10 crores during the Third Plan period.

4. *Emoluments of Village Officers.*—The demand from Village Officers for better emoluments is persistent. Their position has changed radically with the recent judgment of the Supreme Court declaring the hereditary system of Village Officers as unconstitutional.

The Village Officers of this State went on strike to bring to the notice of the Government the need to protect them from the adverse effect of the judgment of the Supreme Court. Their minimum demands, as stated by them, are to give them compensation for loss of hereditary rights and to give them Government scales of pay which are higher than the emoluments they are now drawing. Even a rise in the pay of the Karnam and Munsif to that of Lower Division Clerks (without dearness allowance) and increase in the scale of pay of the village servants to those of the peons (with half dearness allowance) is estimated to involve an additional expenditure of Rs. 2.5 crores per annum.

5. *Relief to Pensioners.*—Another item which is being deferred from time to time in view of the difficult financial position of the State is increase in the dearness allowance admissible to pensioners. Following the Madras State, the rate was fixed at Rs. 6 per mensem for pensioners drawing up to Rs. 100. Madras has recently raised this to Rs. 10 per mensem for pensioner drawing up to Rs. 100. A similar increase in Andhra Pradesh is estimated to involve an additional expenditure of Rs. 15 lakhs per annum or Rs. 0.75 crore during the Third Plan period.

6. *Famine Relief.*—The last Finance Commission made a suggestion that the State Governments might set apart from their revenue sizeable sums to be accumulated in a fund for meeting expenditure on natural calamities. The Commission also allowed certain margin for this purpose, in the estimate of 'committed expenditure' of the States. The amount so allowed for Andhra Pradesh is Rs. 75 lakhs. The above suggestion has been implemented by this State by providing an amount of Rs. 75 lakhs annually in the Budget Estimates of this State towards transfer to the Famine Relief Fund. Credit for Central grant as well as the provision required to be made

for transfer to the Famine Relief Fund have been included in the forecast. The last Finance Commission further suggested that the scope of the fund might be widened to cover all natural calamities. During 1960-61 a total amount of Rs. 103.20 lakhs has been sanctioned towards expenditure on the execution of relief works in the drought affected areas of the State, and a further sum of Rs. 0.43 lakh towards relief of the victims in fire accidents, etc. The total assets of the State Famine Relief Fund at the end of March 1961 are estimated as Rs. 106.20 lakhs only. Unless a special grant is forthcoming from the Centre, over and above the existing grant, it will not be possible for this State Government to implement the above suggestion.

7. *Compensation to Zamindars.*—Under the Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948, Government have been empowered to take over all the zamindari under-tenure and Inam Estates on payment of compensation and resettle them on the ryotwari basis. The amount of compensation will be determined only after the survey and settlement of the estates are completed. As this takes time the Act provides for payment of advance compensation and interim payments by Government. The Zamindari Abolition Fund has been set up with effect from 1951-52 to meet the balance of dues in five to eight years time under the provisions of the Act. The fund is constituted out of the land revenue receipts. Under section 54-B of the Act, the Government are under a statutory obligation to deposit a minimum total compensation of Rs. 12½ crores in respect of zamindari and post settlement under-tenure estates. This figure of Rs. 12½ crores applied to the erstwhile composite Madras State as it stood prior to 1st October 1953 and the share of this State out of that minimum total compensation works out to above Rs. 7.75 crores. Compensation payable in respect of inam estates (excluding post-1936 inams) comes to about Rs. 1.0 crore. Thus the total liability of this State is about Rs. 8.75 crores, of which this Government has already paid about Rs. 5 crores. The amount that will become payable during the Third Five-Year Plan will be Rs. 4 crores approximately, as the settlement operations in the taken-over estates are expected to be over by at least 1st July 1962. The closing balance in the Zamindari Abolition Fund at the end of March 1961 was estimated at Rs. 41.52 lakhs. The State Government are now faced with the problem of payment of compensation in respect of the taken-over estates where the settlement operations are to be completed shortly.

8. *Maintenance of Roads.*—The roads in the State are in a very bad condition as sufficient provision could not be made for their maintenance

in the past years due to the difficult financial position of the State . According to an estimate furnished by the Chief Engineer (Highways) an additional amount of about Rs. 6 crores is required for better maintenance of these roads during the Third Plan period. Investment on proper maintenance of roads will not only add to the State's wealth but also to the national wealth.

9. *Grants to Zilla Parishads, Panchayat Samithis, etc.*—Under the Andhra Pradesh Panchayat Samithis and Zilla Parishads Act, the Government are required to give every year grants to the Panchayats, Panchayat Samithis out of the land revenue collections. The rates adopted are 25 nP. per head of population on latest population figures to each Panchayat, 25 nP. per head of population every year to each Panchayat Samithi on latest population figures; 25 nP. per head of population as equalisation grant to be given to backward panchayats in the State. Based on the figures adopted in the Budget for 1961-62 and assuming that there would be a rise in population of 15 per cent in 1961 census over the last census figures, estimates have been prepared for six years, i.e., 1961-66 under each of the above grants. The estimates take into account the arrears that may have to be paid in 1962-63 as a result of increase in population based on the census 1961.

10. Besides the above statutory grants for which necessary provision has been included in the forecast, the State Government has also to give assistance to Panchayat Samithis and Zilla Parishads to enable them to meet their increased commitments due to expansion of development activities and for improvement of village communications and provision of protected water supply and other local needs which are not adequately provided for in the Plan. It is roughly estimated that this will result in an extra expenditure of Rs. 10 crores during the period 1961-66. The Government may have to find at least Rs. 6 crores for these Local Bodies.

VII STATE'S ADDITIONAL FINANCIAL NEEDS.

To summarise, the State needs additional devolution of revenue to the extent of Rs. 60 crores in order to meet its obligations under the following items during the next five years (1961-66):—

	Rs. in crores.
(a) Deficit in Third Plan resources	26.60
(b) Interest on the loans given to finance Nagarjuna-sagar Project to end of 1960-61	7.80
(c) Additional grants to Zilla Parishads, Panchayat Samithis, etc.	6.00
(d) Improvement of salaries of Government Servants and pensionary benefits	13.25
(e) Maintenance of Roads	6.00
Total ...	59.65
	or Rs. 60.00 crores



VIII PROPOSALS.

The constitutional provisions regarding the allocation of financial resources between the Centre and the States, which were framed about 12 years back, could not possibly take into full consideration the impact on the State finances of the rapid growth of economy of the country in general and the responsibilities of the State Governments in particular that have taken place during the course of the first two Plan periods. An analysis of the budgets of the Central and State Governments would reveal that the functional and financial responsibilities of the State Governments have grown more rapidly than those of the Central Government. This has naturally caused considerable strain on the State finances. In spite of their best efforts in the field of fresh taxation and open market borrowings, the State Governments in general are no longer in a position to meet adequately the growing demands for development activities. The taxation level in some of the States and particularly in Andhra Pradesh has already reached a very high pitch and the Third Five-Year Plan is going to raise it still further. The States do not possess any elastic sources of revenue except perhaps the sales tax. On the other hand, there is a growing tendency on the part of the Central Government to take away in one form or another the financial resources which have been allocated to the States. The changes made in the taxation of company profits which have deprived the State Governments of their due share in the increase in income-tax revenue, the increase in basic rates of Union Excise Duties on certain commodities without any corresponding increase in the rates of Additional Excise Duties, and the merger of the tax on railway passengers with the railway fares, are examples in view. In all these cases, the States have been guaranteed certain minimum compensations but these compensations by no means take into consideration the normal growth of income from these sources and consequential increase in the States' share of net receipts under these heads.

2. The Finance Commission will no doubt take all these factors into consideration in making their assessment of the financial obligations of the Centre as well as the State Governments and the need for transferring substantial revenue receipts from the Centre to the State Governments. It is also hoped that the Finance Commission will make suitable recommendations for special financial assistance by way of additional grants-in-aid to the States which are backward in the fields of industrial development, education, health services, communications, etc., due to historical and other reasons.

3. From the foregoing analysis it will be observed that there is an overall gap of Rs. 60 crores in the estimated expenditure and the anticipated receipts, even after allowing for a very heavy taxation during the Third Plan period. The Government of Andhra Pradesh therefore desire to make the following proposals for covering at least a part of this gap:—

(i) **LIBERALISATION OF THE ARRANGEMENTS FOR DIVISION OF CENTRAL TAXES.**

Separate memoranda regarding the allocation of the receipts from the Central Taxes are appended. (Appendix E). The views contained therein are briefly indicated below:—

(a) *Income-tax Receipts.*—The entire net proceeds of income-tax should be distributed among the States on the basis of population so that the States may not suffer any loss on account of the changes in the present system of taxation on company profits.

(b) *Union Excise Duties.*—The Additional Union Excise Duties on sugar, textiles and tobacco should be merged with the excise duties and the excise revenue of all commodities should be included in the divisible pool, which should be raised from 25 per cent to 50 per cent of the total net income from Union Excise Duties.

The entire divisible proceeds should be distributed among the States on the basis of population only.

(c) *Estate Duty Collections.*—No change is proposed in the existing arrangement.

(d) *Tax on Railway Fares.*—The income from this source should be fixed at a certain percentage of the total income from the railway fares (including the merged railway passengers tax) so that the States may get their legitimate share out of the increased income in future from this source.

(ii) **GRANT-IN-AID.**

The overall deficit of Rs. 60 crores has been arrived after taking credit for the grant-in-aid of Rs. 4 crores per annum based on the recommendations of the Second Finance Commission. This Government therefore requests that besides continuing the grant-in-aid of Rs. 4 crores per annum that is now being given by the Centre (under the Second Finance Commission's Award) an additional grant-in-aid of at least Rs. 6

cróres per annum may be recommended for the Third Plan period to cover at least a part of the anticipated deficit.

(iii) MORATORIUM FOR REPAYMENT OF CENTRAL LOANS.

This Government requests that relief may be afforded to the States at least to the extent recommended by the Second Finance Commission.

Hyderabad,
21st May, 1961.

M. A. ABBASI,
Finance Secretary.



APPENDIX 'A'

FORECAST OF RECEIPTS AND EXPENDITURE

ON

REVENUE ACCOUNT

AND

OTHER INFORMATION

ON

THIS SUBJECT





सत्यमेव जयते

**STATEMENT SHOWING THE FORECAST OF RECEIPTS AND EXPENDITURE ON REVENUE
ACCOUNT FOR THE PERIOD 1961-62 TO 1965-66**

RECEIPTS

(Rupees in Lakhs)

Head of Account	Accounts		Revised	Budget	FORECAST				TOTAL.
	1959-60	(2)	(3)	Estimate 1961-62	1962-63	1963-64	1964-65	1965-66	1961-66
(1)				(4)	(5)	(6)	(7)	(8)	(9)
Share of Central Taxes and Grants-in-Aid from Centre.									
II. Union Excise Duties	..	(614.92)	(624.69)	(289.61)	(315.00)	(341.00)	(362.00)	(384.00)	(1691.61)
IV. Income Tax	..	(645.07)	(708.64)	..	..	..	..	..	..
V. Estate Duty	..	(22.07)	(19.10)	(19.10)	(19.10)	(19.10)	(19.10)	(19.10)	(95.50)
V.-B.—Taxes on Railway Fares	..	(115.80)	(122.18)	(112.17)	(118.00)	(122.00)	(125.00)	(130.00)	(607.17)
XLVI. Miscellaneous (Grants)	(976.64)	(218.51)	..	..	..	..	(218.51)
XLIX. Grants-in-aid from the Central Government	..	(592.43)	(583.42)	(1155.59)	..	..	..	..	(1155.59)
LI.-A—Receipts on account of C.P., N.E.S. etc.	..	(269.67)	(41.60)	(38.09)	..	..	..	..	(38.09)
Total	..	(2259.96)	(3076.27)	(1833.07)	(452.10)	(482.10)	(506.10)	(533.10)	(3806.47)

RECEIPTS—(Contd.)

(Rupees in Lakhs)

Head of Account	FORECAST							
	Accounts 1959-60	Revised Estimate 1960-61	Budget Estimate 1961-62	1962-63	1963-64	1964-65	1965-66	Total 1961-66
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
State Taxes and Non-Tax Revenue.								
VII. Land Revenue ..	1130.05	850.00	925.00	940.00	980.00	1020.00	1060.00	4925.00
VIII. State Excise Duties ..	762.15	770.14	812.35	805.00	825.00	845.00	865.00	4152.35
IX. Stamps ..	321.13	324.96	370.19	291.50	309.02	327.56	347.27	1645.54
X. Forest ..	305.69	287.28	300.00	310.00	315.00	320.00	325.00	1570.00
XI. Registration ..	93.23	100.00	105.80	112.16	118.88	126.32	133.58	596.74
XII. Taxes on Vehicles ..	253.99	294.02	299.02	316.96	335.98	356.14	377.50	1685.60
XII.-A—Sales Tax ..	1165.85	1244.82	1271.57	1265.00	1330.00	1395.00	1460.00	6721.57
XIII. Other Taxes and Duties ..	204.76	239.34	242.48	262.48	282.48	302.48	322.48	1412.40
XVII. Irrigation (Commercial)	(—) 148.73	64.57	63.57	80.00	95.00	110.00	125.00	473.57
XVIII. Irrigation (Non-Commercial) ..	2.13	82.06	83.38	95.00	105.00	120.00	135.00	538.38
XX. Interest ..	156.40	110.52	107.42	115.00	125.00	135.00	145.00	627.42
XXI. Administration of Justice ..	49.77	50.00	50.00	51.60	52.00	53.00	54.00	260.00
XXII. Jails ..	4.95	5.43	5.43	5.50	5.50	5.50	5.50	27.43

XXIII. Police ..	..	46.95	50.60	43.00	31.43	31.53	31.63	31.73	169.32
XXVI. Education ..	..	210.19	40.00	40.00	41.00	42.00	43.00	44.00	210.00
XXVII. Medical ..	..	61.36	30.47	31.36	32.29	33.25	34.24	35.26	166.40
XXVIII. Public Health ..	..	108.12	90.59	78.95	22.22	22.88	23.57	24.29	171.91
XXIX. Agriculture ..	..	64.86	81.00	86.00	100.00	110.00	120.00	130.00	546.00
XXX. Animal Husbandry ..	..	42.41	16.02	16.02	17.00	18.00	19.00	20.00	90.02
XXXI. Co-operation ..	..	36.00	11.00	11.00	10.50	11.00	11.50	12.00	56.00
XXXII. Industries and Supplies ..	..	151.55	204.57	217.23	230.26	244.07	258.71	274.23	1224.50
XXXVI. Miscellaneous Departments ..	..	147.90	83.27	86.74	68.88	73.88	78.88	83.88	392.26
XXXIX. Civil Works ..	..	201.76	79.59	83.13	83.63	84.13	84.63	85.13	420.65
XLI. Receipts from Electricity Schemes ..	..	163.08	193.05	201.81	350.00	450.00	520.00	611.19	2133.00
XLIV. Receipts in aid of Superannuation.	..	17.29	12.14	11.66	10.00	10.00	10.00	10.00	51.66
XLV. Stationery and Printing ..	..	5.45	5.15	5.36	5.00	5.00	5.00	5.00	25.36
XLVI. Miscellaneous ..	..	375.48	382.55	132.94	126.29	119.99	113.99	108.99	602.20
L. Miscellaneous adjustments between Central and State Governments ..	..	0.67	0.35	0.35	0.35	0.35	0.35	0.35	1.75
Total ..	..	5934.44	5703.49	5681.76	5778.45	6134.94	6470.50	6831.38	30897.03
GRAND TOTAL ..	..	8194.40	8779.76	7514.83	6230.55	6617.04	6976.60	7364.48	34703.50

EXPENDITURE

(Rupees in Lakhs)

Head of Account	Accounts 1959-60	Revised Estimate 1960-61	Budget Estimate 1961-62	FORECAST					Total.
				1962-63	1963-64	1964-65	1965-66	1961-66	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
I. Non-Development Expenditure including transfers to Funds.									
4. Taxes on Income	0.19	0.49	0.17	..	..	..	..	0.17	
7. Land Revenue	215.47	308.45	288.57	350.79	413.00	415.26	417.56	1885.18	38
8. State Excise Duties	58.01	72.65	104.16	106.24	108.36	110.52	112.73	542.01	
9. Stamps	18.83	19.08	15.42	15.72	16.03	16.35	16.67	80.19	
11. Registration	21.31	23.02	23.14	23.60	24.08	24.56	25.06	120.44	
12. Taxes on Vehicles	57.79	91.38	100.97	126.57	114.60	115.14	115.69	572.97	
12-A. Sales Tax	48.41	51.28	50.46	51.47	52.50	53.55	55.62	263.60	
13. Other Taxes and Duties	67.67	89.46	94.26	96.14	98.08	100.04	102.04	490.56	
19. Construction of Irrigation etc., works .. .. .	..	..	..	..	..	..	..	..
22. Interest	527.33	578.08	748.46*	734.00	690.00	658.00	637.00	3467.46	
	..	..	80.00	240.00	400.00	560.00	720.00	2000.00\$	

23. Appropriation for reduction or avoidance of Debt. ..	83.40	104.54	100.10	100.00	100.00	100.00	100.00	500.10
25. General Administration ..	552.15	577.38	681.23	668.45	681.82	695.58	709.49	3436.57
27. Administration of Justice ..	120.45	127.58	127.81	130.37	132.98	135.64	138.35	665.15
28. Jails ..	46.25	43.74	45.64	46.56	47.49	48.43	49.38	237.50
29. Police ..	590.88	640.55	597.33	627.33	657.33	687.33	717.33	3286.65
36. Scientific Departments ..	3.44	5.50	4.24	4.12	4.20	4.28	4.36	21.20
54. Famine ..	96.23	75.00	75.00	75.00	75.00	75.00	75.00	375.00
54.—A. Territorial and Political Pensions	13.76	15.15	13.50	13.50	13.50	14.00	14.00	68.50
54.—B. Privy Purses and Allowances to Indian Rulers ..	0.31	0.31	0.31	0.31	0.31	0.31	0.31	1.55
55. Superannuation Allowances ..	193.47	218.90	213.77	230.00 + 10.00£	235.00	240.00	245.00	1173.77
56. Stationery and Printing ..	103.14	94.87	89.55	95.00	100.00	105.00	110.00	499.55
57. Miscellaneous ..	138.42	168.64	173.60	163.96	166.83	170.59	173.57	848.55
Total I ..	2956.91	3306.05	3627.69	3909.13	4131.11	4329.58	4539.16	20536.67

* Inclusive of Rs. 35 lakhs provided for the loans taken from the Government of India in 1960-61 (half year's interest on Rs. 17 crores).

\$ For meeting interest charges on the borrowings during the Third Plan period

£ Additional provision made to meet the arrears for 1961-62 on account of the introduction of liberalised Pension Rules with effect from 1-4-1961.

EXPENDITURE—(Contd.)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
II. Development Expenditure									
7. Land Revenue	(1.53)	(2.73)	(5.20)	(6.60)	(7.70)	(8.50)	(9.00)	(37.00)
10. Forest	85.98	100.00	92.46 /3.77/ (13.06)	94.31 /3.89/ (20.83)	96.20 /4.01/ (21.88)	98.12 /4.13/ (24.72)	100.08 /4.25/ (25.37)	481.17 /20.05/ (105.86)
18. Other Revenue Expenditure financed from Ordinary Revenues	236.75	118.35	130.92 (10.00)	133.53 (41.67)	136.20 (33.35)	138.92 (36.68)	141.72 (43.30)	681.29 (165.00)
25. General Administration	(22.03)	(36.12)	23.93/ (8.71) *3.00*	24.65/ (13.66)	25.40/ (11.42)	26.15/ (11.49)	26.93/ (12.72)	127.06/ (58.00)
28. Jails	(1.88)	(4.87)	5.44/ (1.83) *1.83*	5.59/ (1.79)	5.77/ (2.32)	5.95/ (2.42)	6.13/ (2.64)	28.88/ (11.00)
36. Scientific Departments	(1.94)	(2.59)	(2.69)	(2.76)	(2.77)	(12.75)
37. Education	1208.33	1348.45	1262.25 /198.89/ (224.31) *31.10*	1282.25 /206.86/ (373.79)	1302.25 /213.01/ (466.73)	1322.25 /222.34/ (506.50)	1342.25 /225.85/ (625.54)	6511.25 /1066.95/ (2196.87)
38. Medical	328.87	314.18	311.64 /124.00/ (42.44) *6.40*	317.87 /129.72/ (51.13)	324.23 /133.56/ (64.66)	330.71 /137.52/ (88.66)	337.33 /141.60/ (112.56)	1621.78 /666.40/ (359.45)

39. Public Health	..	81.67 (60.10)	137.05 (120.15)	131.91 /33.07/ (62.67) *5.56*	81.11 /34.06/ (89.42)	82.73 /35.08/ (92.03)	84.39 /36.13/ (101.17)	86.08 /37.21/ (114.91)	466.22 /175.55/ (460.20)
40. Agriculture ..	..	163.83 (100.02)	201.09 (160.09)	188.47 /55.97/ (165.39)	192.24 /57.65/ (166.12)	196.08 /59.39/ (187.34)	200.00 /61.16/ (210.09)	204.00 /62.99/ (279.01)	980.79 /297.16/ (1007.95)
41. Animal Husbandry	..	48.52 (59.50)	53.45 (100.79)	54.17 /67.89/ (48.52)	55.25 /69.93/ (175.85)	56.35 /72.03/ (97.84)	57.47 /74.19/ (79.60)	58.61 /76.41/ (96.06)	281.85 /360.45/ (497.87)
42. Co-operation	..	57.16 (88.70)	53.82 (120.70)	54.08 /21.00/ (109.44)	55.16 /21.63/ (193.24)	56.26 /22.29/ (180.70)	57.38 /22.95/ (185.84)	58.52 /23.64/ (191.46)	281.40 /111.51/ (860.68)
43. Industries and Supplies ..	..	92.60 (61.49)	114.99 (100.02)	111.31 /44.30/ (62.48)	113.53 /45.62/ (43.74)	115.80 /47.00/ (51.49)	118.12 /48.31/ (53.81)	120.48 /49.65/ (64.39)	579.24 /234.88/ (275.91)
47. Miscellaneous Departments	..	293.34 (90.36)	262.85 (236.10)	260.27 /56.24/ (79.36) *2.83*	253.11 /57.92/ (105.28)	275.11 /59.66/ (112.20)	299.11 /61.46/ (124.00)	325.11 /63.29/ (136.00)	1412.71 /298.57/ (556.84)
50. Civil Works ..	..	526.97 (63.29)	494.60 (74.49)	495.02 /42.00/ (38.00)	474.32 /43.26/ (40.26)	483.80 /44.55/ (42.73)	493.49 /45.90/ (42.76)	503.36 /47.28/ (37.75)	2449.99 /222.99/ (201.50)

EXPENDITURE--(Contd)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
52.—A. Other Revenue Expenditure connected with Electricity Schemes ..	5.88 (6.45)	5.87 (7.07)	—0.12 (8.72)	6.00 (11.88)	6.03 (10.00)	6.09 (10.00)	6.12 (9.40)	24.12 (50.00)
57. Miscellaneous ..	(10.62)	(32.24)	(14.38)	(34.21)	(24.15)	(19.31)	(19.43)	(111.48)
63.—B. Community Projects etc. ..	73.72	78.64	1.29	..	..	..	..	1.29
..	(320.55)	(398.82)	(354.44)	(343.93)	(391.45)	(369.26)	(322.00)	(1781.08)
			104.87					
Total II }	3203.62	3283.34	3093.67	3058.68	3131.04	3206.05	3283.66	15773.10
	..		/750.09/	/858.44/	/869.17/	/919.57/	/961.88/	/4359.15/
	(1302.28)	(2022.66)	(1250.89)	(1715.99)	(1800.68)	(1877.57)	(2104.31)	(8749.44)
			155.59					
GRAND TOTAL	.. 7462.81	8612.05	8877.93	9542.24	9932.00	10332.77	10889.01	49573.95@

@ Includes Rs. 155.59 lakhs shown in Col. 4.

Figures shown in / .. / represent committed expenditure on the completed schemes of the Second Five-Year Plan.

Figures shown in () represent plan expenditure.

Figures shown in * .. * represent expenditure on Centrally Sponsored Schemes.

**STATEMENT SHOWING THE COMPARATIVE FIGURES OF RECEIPTS
ON REVENUE ACCOUNT AS FURNISHED TO THE PLANNING
COMMISSION EARLIER AND THOSE NOW ARRIVED AT**

(Rupees in Lakhs)

<i>Head of Account</i>	<i>Estimate as fur- nished to Planning Commis- sion</i>	<i>Estimate as now arrived at</i>	<i>Difference</i>
(1)	(2)	(3)	(4)
1. Share of Central Taxes			
II. Union Excise Duties	3478.00	3478.60	..
IV. Income-Tax	3720.00	3720.00	..
V. Estate Duty	117.00	95.50	(—) 21.50
V.—B. Taxes on Railway Fares	610.00	607.17	(—) 2.83
Total 1	7925.00	7900.67	(—)24.33
2. State Taxes			
VII. Land Revenue	4900.00	4925.00	(+) 25.00
VIII. State Excise Duties	4095.00	4152.35	(+) 57.35
IX. Stamps	1550.00	1645.54	(+) 95.54
XI. Registration	568.00	596.74	(+) 28.74
XII. Taxes on Motor Vehicles	1700.00	1685.60	(—) 14.40
XII.—A. Sales Tax	6960.00	6721.57	(+) 61.57
XIII. Other taxes and Duties including Sugarcane Cess	1952.00	1947.40	(—) 4.60
Total 2	21425.00	21674.20	(+) 249.20

(1)	(2)	(3)	(4)
3. Non-Tax Revenue			
X. Forest	1500.00	1570.00	(+) 70.00
XVII. Irrigation (Commerical) ..	544.00	473.57	(—) 70.43
XVIII. Irrigation (Non-Commercial) ..	491.00	538.38	(+) 47.38
XX. Interest	618.00	627.42	(+) 9.42
XXI. Administration of Justice	400.00	456.75	(+) 56.75
XXII. Jails			
XXIII. Police			
XXVI. Education	250.00	210.00	(—) 40.00
XXVII. Medical	303.00	338.31	(+) 35.31
XXVIII. Public Health			
XXIX, XXX and XXXI. Agriculture, Animal Husbandry and Co-operation	746.00	692.02	(—) 53.98
XXXII. Industries and Supplies ..	692.00	689.50	(—) 2.50
XXXVI. Miscellaneous Departments ..	451.00	392.26	(—) 58.74
XXXIX. Civil Works	422.00	420.65	(—) 1.35
XLI. Receipts from Electricity Schemes .	2133.00	2133.00	..
XLIV and XLV. Superannuation and Stationery	142.00	77.02	(—) 64.98
XLVI. Miscellaneous	818.00	602.20	(—) 215.80
L. Miscellaneous adjustments .. ..	..	1.75	(+) 1.75
Total 3. ..	9510.00	9222.83	(—) 287.17
4. Grants from the Centre			
XLIX. Grants-in-aid from Centre ..	2150.00	2150.00	..
LI.—A. Receipts on Account of C.P., N.E.S. etc. .. ..	..	38.09	(+) 38.09
Total 4. ..	2150.00	2188.09	(+) 38.09
GRAND TOTAL ..	41010.00	40985.79	(—) 24.21

**STATEMENT SHOWING THE COMPARATIVE FIGURES OF
EXPENDITURE ON REVENUE ACCOUNT AS FURNISHED TO THE
PLANNING COMMISSION EARLIER AND AS NOW ARRIVED AT**

(Rupees in Lakhs)

<i>Head of Account</i>	<i>Estimate as fur- nished to Planning Commis- sion</i>	<i>Estimate as now arrived at</i>	<i>Difference</i>
(1)	(2)	(3)	(4)
I. Non-Development Expenditure			
1. Direct Demands on Revenue ..	3608.00	3890.12	(+) 282.12
2. Interest Payments ..	5467.00	5467.46	(+) 0.46
3. Appropriation for reduction or avoidance of Debt ..	375.00	500.10	(+) 125.10
4. General Administration ..	3085.00	3436.57	(+) 351.57
5. Administration of Justice ..	660.00	665.15	(+) 5.15
6. Jails ..	265.00	237.50	(—) 27.50
7. Police ..	3293.00	3286.65	(—) 6.35
8. Scientific Departments ..	21.00	21.20	(+) 0.20
9. Territorial and Political Pensions ..	116.00	68.50	(—) 47.50
10. Superannuation Allowances ..	1175.00	1173.77	(—) 1.23
11. Stationery and Printing ..	553.00	499.55	(—) 53.45
12. Miscellaneous ..	811.00	848.55	(+) 37.55
13. Privy Purses and Allowances ..	..	1.55	(+) 1.55
Total I ..	19429.00	20096.67	(+) 667.67

	(1)	(2)	(3)	(4)
II. Development Expenditure				
14. Forest	551.00	481.17	(—) 69.83	
15. Irrigation	615.00	681.29	(+) 66.29	
16. Electricity	21.00	24.12	(+) 3.12	
17. Civil Works	2562.00	2449.99	(—) 112.01	
18. Industries & Supplies	542.00	579.24	(+) 37.24	
19. Agriculture	1030.00	980.79	(—) 49.21	
20. Animal Husbandry	270.00	281.85	(+) 11.85	
21. Education	5939.00	6511.25	(+) 572.25	
22. Medical	1602.00	1621.78	(+) 19.78	
23. Public Health	666.00	466.22	(—) 199.78	
24. Co-operation	317.00	281.40	(—) 35.60	
25. Community Projects	339.00	1.29	(—) 337.71	
26. Miscellaneous Departments	1316.00	1412.70	(+) 96.70	
Total II	15770.00	15773.09	(+) 3.09	
III. Transfers to Funds				
27. Famine Relief Fund	375.00	375.00	..	
28. Zamindari Abolition Fund	65.00	65.00	..	
Total III	440.00	440.00	..	
GRAND TOTAL	35639.00	36309.76	(+) 970.76	

NOTE EXPLAINING THE REASONS FOR THE VARIATIONS BETWEEN THE ESTIMATES FURNISHED EARLIER TO PLANNING COMMISSION AND AS NOW ARRIVED AT

General remarks.—The present forecast is based on the latest available estimates (Budget Estimate 1961-62) while the earlier estimates finalised in consultation with the officials of the Planning Commission were generally based on Budget Estimates 1960-61. This mainly accounts for the variations between the two sets of figures.

Important variations under Receipts and expenditure are explained below:—

I. RECEIPTS.

1. Share in Central Taxes :

The variation is mainly under 'Estate Duty.' While the earlier estimates allowed for some trend increase from year to year, no such trend increase has been allowed in the present estimate.

2. State Taxes :

Land Revenue.—Due to adverse seasonal conditions during 1960-61 in certain districts, collection of kist had to be postponed. Credit for these collections has been taken in Budget Estimate 1961-62. This was not foreseen in the earlier forecast.

State Excise Duties.—The improvement in the receipts is due to better collections reflected in Budget Estimate 1961-62 and the following years compared to the earlier estimate.

Stamps.—The variation is mainly due to larger amount taken credit for in the Budget Estimate 1961-62. Provision for transfer of the share of Local Bodies from the surcharge on Stamp Duty has not been fully reflected in the Budget Estimate 1961-62. This is estimated to be in the neighbourhood of about Rs. 80 lakhs.

Registration.—Based on the latest trend of receipts under this head credit has been taken for some larger receipts in the present forecast.

Sales Tax.—The improvement in receipts is mainly attributable to the recent upward trend of prices of various commodities.

3. Non-tax Revenue :

Forest.—There has been significant improvement in the receipts due to better price and larger sales expected from the forest produce which has been reflected in the present forecast.

Irrigation Receipts.—There is fall of Rs. 23 lakhs in the present estimate compared to the earlier estimate. This is due to the fact that certain irrigation projects expected to be completed by the end of the Second Plan and start yielding revenue right from the commencement of the Third Plan period have spilled over into Third Plan.

Administration of Justice, Jails and Police.—The increase is due to larger receipts anticipated under police, etc.

Education.—The decrease in the receipts is due to introduction of free compulsory education.

Medical and Public Health.—The increase in the present forecast is due to the fact that the grants (in shape of material and equipment) under Technical Co-operation Aid Programme has been reflected in the Budget Estimate 1961-62 which does not represent a real accretion to the revenues.

Agriculture, Animal Husbandry and Co-operation.—The main variation occurs under the receipts from Agriculture Schemes which are not expected to be of the same order as expected earlier due to pruning of the Third Plan.

Miscellaneous Departments.—The fall in the present estimates is due to change in classification in respect of the amounts transferred from certain funds, etc.

Superannuation and Stationery.—The variation is mainly due to the discontinuance of the Government of India's share of pre-integration Civil Pension liability under Federal Financial Integration Agreement which was lost sight of in the earlier estimate. The decrease is also due to free supply of gazettes.

Miscellaneous.—The amounts hitherto being received under "Local Government Receipts" and the amounts recovered from Local Bodies for elections, etc., are not likely to be realised in future in view of the decentralisation of powers.

II. EXPENDITURE.

I. Non-Development Expenditure.

Direct demands on Revenue.—Increase under this head is mainly due to enhanced grants to be given to Panchayat Samithis, Zilla Parishads, etc., based on the population as per 1961 census and also taking into account the additional area and population likely to be covered by the Samithies with the extension of the scheme of democratic decentralisation to the entire State.

The increase is however to some extent offset due to some savings of provision hitherto made under “7 Land Revenue” on account of payment of salaries to Village Officers in Telangana region since transferred to “25. General Administration.”

Appropriation for reduction or avoidance of debt.—The increase is due to making provision for the actual amounts borrowed in the open market to end of Second Plan period. The earlier estimate did not fully provide for the same.

General Administration.—The increase is due to the provision made for payment of salaries and allowances to the Village Officers in the Telangana region (which is hitherto being provided under Major Head “7 Land Revenue”) and additional expenditure provided for the constitution of an Anti-Corruption Department.

Jails.—The present estimate follows the present trend of expenditure in Budget Estimate 1961-62.

Territorial and Political Pensions.—It was earlier expected that the commitment on account of the payment of compensations in lieu of cash grants under the Andhra Pradesh (Abolition of Cash Grants) Act, 1958 will be spread over even during the Third Plan period. As provision was made to liquidate this commitment in 1960-61 itself, the present forecast is based on normal requirements under this head.

Stationery and Printing.—The fall in expenditure is due to the introduction of double shift arrangement at the Government Press; consequently less printing work is expected to be given to private presses.

Miscellaneous.—The increase is under certain miscellaneous items which could not be foreseen earlier.

II. Development Expenditure.

Forest.—The present forecast is based on the latest estimate.

Irrigation.—The increase is due to larger provision made under 'Maintenance and Repairs' for the projects likely to be completed for which no provision is allowed under committed expenditure.

Civil Works.—The reduction is due to transfer of the maintenance of some works to the control of Zilla Parishads, etc., and larger recoveries anticipated.

Industries.—Increase is due to larger provision made for strengthening of the department.

Agriculture.—The present forecast is based on the latest estimate.

Education.—(i) With the handing over of the primary education to the control of Zilla Parishads from aided institutions, Government's liability has risen to a great extent which is reflected in the present forecast.

(ii) Fresh provision has been made in the present estimate for meeting the additional commitment on account of the introduction of University Grants Commission's scales of pay.

(iii) Provision has also been made in the present estimate to give recurring grants to the three universities in the State to enable them to meet their increased commitments to maintain the existing departments and the development schemes undertaken during the Second Plan period and to stabilise their finances, which was not anticipated earlier.

Public Health.—In the earlier estimate provision was made for expenditure on schemes financed from Technical Co-operation Aid. The present estimates exclude all such expenditure.

Co-operation.—The present forecast is based on the latest estimate.

Community Development Projects.—The fall under non-plan expenditure under this head is offset by a corresponding increase under committed expenditure under this head. This is more or less a technical correction now carried out.

Miscellaneous departments.—The Government on receipt of representations from the Scheduled Castes, etc., organisations, have increased the provision for the welfare of the Scheduled Castes as the existing provision is found to be quite inadequate compared to the population of these castes in the State.

STATEMENT SHOWING THE RECOMMENDATIONS OF THE TAXATION ENQUIRY COMMISSION WHICH HAVE BEEN IMPLEMENTED AND THE INCREASE IN REVENUE FROM THOSE MEASURES DURING 1956-57 TO 1960-61.

Taxation measures.	Yield during 1956-61
	(Rs. in lakhs.)
1. Land revenue—	
(i) Enhancement of water rates	150
(ii) Standardisation of land revenue	75
(iii) Surcharge on land revenue and additional wet assessment	345
2. Betterment levy: ... ..	...
3. Sales Tax on motor spirits	28
4. Motor Vehicles Taxation	72
5. Stamp Duties and Court Fees	38
6. Sugarcane cess	133

1. LAND REVENUE:

(i) *Enhancement of Water Rates.*—In 1956-57 the water rates in Andhra area were raised by 25 per cent under the Irrigation Cess Act, 1865. This measure yielded Rs. 17 lakhs during 1956-57.

In 1957-58 the water rates were further raised to 50 per cent of the original rate which yielded a revenue of Rs. 133 lakhs during 1957-61.

(ii) *Standardisation of Land Revenue.*—The Andhra Land Revenue Standardisation Act introduced in 1956-57 yielded a revenue of Rs. 75 lakhs during the Second Plan Period.

The question of introducing similar measures in the Telangana formed part of the scope of the recommendations of the Andhra Pradesh Land Revenue Reforms Committee. The recommendations made by this Committee are under consideration of the Government.

(iii) *Surcharge on Land Revenue and Additional Wet Assessment.*—Surcharge levied on land revenue yielded Rs. 120 lakhs during the Second Plan Period.

Under the Andhra Land Revenue (Additional Wet Assessment) Act, 1956, wet assessment was levied in Andhra area. In 1957 the rate of additional wet assessment was raised upwards. These measures yielded Rs. 225 lakhs during the Second Plan period.

2. *Betterment levy.*—Laws to provide for the levy of betterment contribution have already been enacted both in the Andhra and Telangana areas. Forty-seven schemes in Andhra and three in Telangana have so far been notified. Collection has not yet commenced. Under both the Acts the betterment contribution is not to exceed 50 per cent of the increase in the value of the lands, but under the Hyderabad Act the betterment contribution in respect of old wet lands is limited to one-fourth of the increase in value. An integrated law applicable throughout the State has been passed in Act No. XXXVI of 1959 in which the provisions of the Andhra Act have been generally made applicable to the Telangana area.

3. *Sales Tax on Motor Spirits.*—The rate of sales tax on motor spirits recommended by the Taxation Enquiry Commission was already in force in the Andhra region of the State. The rate was raised upwards in the Telangana region also from 1st April 1958. This resulted in an additional revenue of Rs. 28 lakhs during the Second Plan period.

4. *Motor Vehicles Taxation.*—The rate of Motor Vehicles Tax in the Andhra area of the State is very high. No increase was therefore made in the tax in the Andhra region.

Certain revisions made in the tax structure in Telangana area (where the rate was low) yielded an additional revenue of Rs. 72 lakhs during the Second Plan period.

5. *Stamp Duties and Court Fees.*—Rationalisation of the scales of Court Fees and revision of the basis of valuation of suits for the purposes of levy of Court Fee yielded a revenue of Rs. 38 lakhs during the Second Plan period.

6. *Sugarcane Cess.*—The rate of cess was Rs. 3 per ton till 31st October 1957 and Rs. 4 per ton till 30th September 1957 in Andhra and Telangana regions respectively. From 1st October 1957 in Telangana area and from 1st November 1957 in Andhra area the rate of cess has been increased to Rs. 5 per ton uniformly. This measure has yielded Rs. 133 lakhs during the Second Plan period.

STATEMENT SHOWING THE RECOMMENDATIONS OF THE TAXATION ENQUIRY COMMISSION WHICH HAVE NOT BEEN IMPLEMENTED.

1. Assessment on non-agricultural lands.
2. Agricultural Income-tax.
3. Sales Tax (General).
4. Entertainments Tax.
5. Tax on Prize Competitions.
6. Betting Tax.
7. Electricity Duties.
8. Registration Fees.
9. Raw Jute Cess.
10. Tobacco Duties.

1. *Assessment on non-agricultural lands.*—There are at present widely different systems of levy of assessment on non-agricultural lands in the two regions of the State. The question of having a uniform system is now under consideration and legislation in this regard has been initiated. In formulating this legislation the recommendations of the Taxation Enquiry Commission have been kept in view.

2. *Agricultural Income-tax.*—This was in force in the Telangana region till 24th December 1957 when it was repealed. In lieu of this a graded surcharge has been levied under the Andhra Pradesh Land Revenue (Surcharge) Act, 1957.

3. *Sales Tax.*—The question of reducing the turnover limit as recommended by the Taxation Enquiry Commission was considered and it was decided to continue the turnover limit at Rs. 10,000 only. Several representations are being received to enhance the turnover limit. Any reduction in the turnover limit would not only effect a large number of petty dealers but also result in increase in collection charges. There is therefore no proposal to reduce the turnover limit. As regards the rate of tax, the present rate of multi-point tax is 2 per cent and its reduction to $\frac{1}{2}$ per cent multi-point general sales tax (the rate recommended by the Commission) will involve very substantial loss of revenue to the State Government and is, therefore, not acceptable to the State Government.

Single point tax is already being levied in the case of a large number of commodities at varying rates. For various administrative reasons no turnover limit is prescribed in the case of single point tax commodities. The prescription of a new turnover limit of Rs. 30,000 as recommended by the Commission will lead to loss of revenue which the State Government can ill afford at this juncture.

The Central Government have since enacted the Central Sales Tax Act, 1956 having regard to the Commission's recommendations. No further action need be taken in the matter by the State Government.

MEASURES FOR IMPROVING COLLECTIONS FROM SALES TAX.—To arrest the evasion of tax by dealers, the officers of the Commercial Taxes Department have been invested with powers of search and seizure on the recommendation of the Sales Tax Enquiry Committee, and a new cadre of officers, designated as Commercial Tax Inspectors, have also been set up to make surprise inspections of business premises, goods in transit, railway stations, etc.

The Andhra Pradesh General Sales Tax Act provides for the setting up of check posts at strategic road points to inspect goods vehicles in transit. At present check-posts are set up in a few places in the State. If the results of inspections of these check posts are found to be encouraging, in course of time similar check posts will be set up at other places also. Thus sufficient steps have already been taken in this State to plug the loopholes so as to stop the leakages and evasion of taxes.

4. *Entertainments Tax.*—The present system of collecting entertainments tax under the Madras Entertainments Tax Act, 1939 is in accordance with the recommendation of the Commission.

Generally exemptions are restricted only to the following classes of entertainments:—

(a) When the entire gross proceeds of the entertainment are devoted to philanthropic, religious or charitable purposes without any charge on such proceeds for any expenses of the entertainment; or

(b) When the entertainment is wholly or partly educational, cultural or scientific in character and is provided by an institution not conducted or established for profit; or

(c) When the entertainment is provided by an institution not conducted for profit and established solely for the purpose of promoting the public health or the interests of agriculture or of a manufacturing industry, and consists solely of an exhibition of articles which are of a material interest in connexion with questions relating to public health or agriculture, or of the industry for promoting the interests of which the institution exists or of the material, machinery appliance of foodstuffs used in the production of those products.

It is not considered necessary or desirable to have a special non-official body to advise Government in regard to exemption alone, but the Sales Tax Advisory Committee constituted by the Government and consisting of non-officials may make recommendations in regard to Entertainments Tax as well.

5. *Tax on Prize Competitions.*—Prize Competitions in this State are governed by the Prize Competitions Act, 1955 (Central Act 42 of 1955). It was brought into force in this State from 1st April 1956. Matters such as the form and manner of applications for licence, fees, appeals, etc., have been prescribed by the State Government in the rules framed by them, in exercise of the powers conferred by section 20 of the said Act, 1955. The State Government administers the Act within the area falling under its jurisdiction. In view of this, it is desirable that the receipts should be distributed among the States to defray the expenses connected with the administration charges, etc., for implementing the Act. The figures of receipts or the yields for the years 1956-57 to 1960-61 (from 1st April 1956) are not available.

As regards lotteries it may be stated that the Government of India have categorically expressed themselves against conduct of lotteries or raffles in any form. In view of their present policy, the question of retaining any receipts by the Central Government or their distribution among the States does not arise.

6. *Betting Tax.*—There is no race course in the Andhra area of the State. Under the Hyderabad Horse Riding and Betting Tax Regulation which applies to the Telangana area, tax is being levied on the entire stake money and not on winnings alone.

7. *Electricity Duties.*—The Electricity Tariffs in the State are already on the high side. There is therefore no scope to further increase them.

8. *Registration Fees.*—The recommendation of the Committee is to fix the registration fee according to the specific charges for services rendered by the State. This principle is generally followed while prescribing the registration fees. In connection with the integration of the Tables of fees, Government have under active consideration, proposals for the adoption of the higher of the two rates obtaining in the Andhra and Telangana area as the case may be. If these proposals materialise they may yield further additional revenue to the State.

9. *Raw Jute Cess.*—The quantity of jute produced in this State is negligible. It is not therefore considered worth-while levying this tax.

**STATEMENT SHOWING THE TAXATION MEASURES INTRODUCED BY THE ANDHRA PRADESH
GOVERNMENT DURING THE SECOND PLAN PERIOD, YIELD FROM THOSE MEASURES DURING THAT
PERIOD AND FORECAST OF REVENUE DURING THE THIRD PLAN PERIOD.**

(Rupees in Crores)

Nature of Taxes	FORECAST										
	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1. Purchase tax on foodgrains etc.	..	0.25	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	
2. Sales Tax on Country Tobacco	..	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	
3. Amendments to Sales Tax Act	..	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	
4. Inter-State Sales Tax	..	0.10	0.15	0.50	0.50	0.50	0.50	0.50	0.50	0.50	
5. Standardisation of Land Revenue (Andhra)	..	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	
6. Increase (25%) in wet assessments (Andhra)	..	0.25	..	..	..	..	..	..	..	..
7. Minor changes in the Land Revenue Tax structure made by the ex-Hyderabad Government	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	
8. Andhra Court Fees and Valuation Act, 1956	..	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08	

**STATEMENT SHOWING THE POSITION OF ARREARS IN THE
COLLECTION OF LAND REVENUE, STATE EXCISE DUTIES AND SALES
TAX DURING THE YEARS FROM 1957-58 TO 1959-60**

(Rupees in lakhs)

Period	DEMAND			Collection during the year	Written off or Adjusted during the year	Total (Columns 5+6)	Balance
	Arrears out-standing at the beginning of the year	Current Demand	Total				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Land Revenue							
1957-58	3,96	11,69	15,65	11,28	14	11,42	4,23
1958-59	4,23	12,79	17,02	11,78	15	11,93	5,09
1959-60	5,09	13,53	18,62	13,21	36	13,57	5,05
State Excise Duties							
1957-58	3,36	39	3,75	56	..	56	3,19
1958-59	3,19	56	3,75	70	..	70	3,05
1959-60	3,05	79	3,84	86	8	94	2,90
Sales Tax							
1957-58	1,46	10,90	12,36	10,22	32	10,54	1,82
1958-59	1,82	11,08	12,90	9,83	43	10,26	2,64
1959-60	2,64	13,61	16,25	12,35	..	12,35	3,90

NOTE.—A considerable portion of arrears in Telangana has to be written off under the standing arrangements. It is roughly estimated that about Rs. 3 crores will have to be written off ultimately on this account. The balance alone can be recovered. Again it is likely that a similar amount from out of the current demands will fall into arrears. However, the arrears likely to be recovered during the Third Plan period have been taken credit for in the forecast.

**STATEMENT SHOWING THE EXPENDITURE INCURRED IN
CONNECTION WITH FAMINE AND NATURAL
CALAMITIES FROM 1953-1954 ONWARDS**

Year							(Rs. in lakhs.)
1953-54	...	...	...	...	...	...	25.50
1954-55	...	...	...	...	...	...	9.22
1955-56	...	...	...	...	...	...	11.25
1956-57	...	...	...	...	...	...	7.94
1957-58	...	...	...	...	...	...	13.00
1958-59	...	...	...	...	...	...	17.78
1959-60	...	...	...	...	...	...	24.24

Notes.—1. Information for the period prior to 1953-54 is not available.

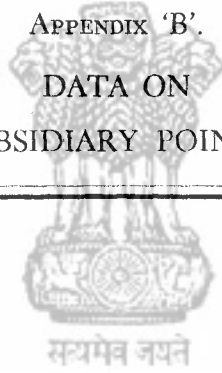
2. No financial assistance or any other assistance by way of supply of foodgrains at concessional prices or otherwise was received from the Centre.

3. Expenditure on floods and other natural calamities like famine, drought, etc., has been on the high side in the State during the last few years. The expenditure is initially debited to the service heads and later transferred to the Famine Relief Fund. Though large expenditure was incurred under the service heads during the last few years on this account, necessary adjustments transferring the amount to the fund have not been fully made. It is expected that these transfers would have been carried out in the Accounts 1960-61 for which sufficient provision has been made in Revised Estimate 1960-61.



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APPENDIX 'B'.
DATA ON
SUBSIDIARY POINTS.





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NOTES.

(Notes on the items on which data was required is given hereunder. Statements are attached wherever necessary and a reference to Statements given at the appropriate place in the notes).

1. *Rates of Taxes in 1956-57 and changes therein.*—Tax laws pertaining to the two regions, Andhra and Telangana have been integrated since 1957. Since then there has been a sustained effort to increase the Tax revenues in this State. Several additional taxes were levied on Agriculture. The increase in revenues due to fresh taxation during the Second Plan is estimated at Rs. 24.49 crores, compared to the target of about Rs. 9.60 crores.

Sales Tax Laws have been integrated. The opportunity was taken to raise the rates of tax on several items in Telangana to Andhra level. Some items not specially taxed earlier in Telangana have been so taxed while some others have been taxed separately in both the regions for the first time. Sales-tax on items such as tobacco, sugar and textiles have been replaced by an additional Central Excise. The Central Sales-tax on inter-State trade has been levied and the proceeds distributed since 1958-59. Sales-tax on petrol in Telangana levied at As. 4 per gallon has been raised to the Andhra rate at 37 nP. per gallon. The rate of sugarcane cess was raised to a uniform rate of Rs. 5 per ton from Rs. 3 per ton in Andhra and Rs. 4 per ton in Telangana. Motor Vehicles Taxes have not been integrated though there have been some changes in rates in both the regions. The taxation of passengers and goods, in force in Andhra, was extended to Telangana from 1958-59. The Stamp Duty has been integrated in both the regions.

A number of legislative measures were enacted to integrate the divergent laws in Andhra and Telangana. Sales Tax and other Commercial Tax Laws, Stamp Duties and Court Fees have all been made uniform. The integration of laws has resulted in a general rise in receipts since Telangana rates were generally lower than Andhra rates. It is however difficult to trace the exact impact of these measures on the State's Budget.

2. *Basis and rates of land revenue assessment (including special rates) in 1956-57 and changes therein:—*

ANDHRA.

The present system of the settlement of assessment on ryotwari lands dates back to 1864 when the Government decided that the new settlement

should be based on an accurate survey of the lands and a more or less exact classification of soils according to their productive capacity. Under this system, the soil of every field was classified under one of fourteen classes with reference to its soil composition, and in each class under one of five sorts, viz., best, good, ordinary, inferior or worst with reference to productivity. The grain out-turn or the gross yield per acre of land of each class and sort of soil was then determined by means of actual crop cutting experiments or by comparison with lands of similar quality in the neighbouring areas for which statistics were already available. In determining the grain out-turns, the standard grains taken into account were paddy in the case of wet lands and cumbu, cholam, ragi, etc., in the case of dry lands. The money value of the grain out-turn was then calculated at the commutation rate which was generally based on the average price of the grain concerned during the 20 non-famine years immediately preceding the settlement, deducting therefrom an allowance of 15 per cent towards transport charges and merchant's profits. From the money value of the gross produce thus determined, were deducted (1) a certain percentage for the vicissitudes of season and for unprofitable areas included in the holding and (2) an amount equal to the estimated expenses of cultivation. The State was entitled to one-half of the net out-turn so calculated but in actual practice the rate of assessment was fixed at less than this percentage. Soils of similar grain values were bracketed together in orders called Tarams, each with its own rate of assessment. The rates of assessment were further adjusted with reference to the position of the village in regard to facilities of transport, proximity to markets, etc., in the case of dry lands, and with reference to the capacity of the irrigation source in the case of wet lands.

The initial settlement of the various districts was undertaken on the lines described above, between the years 1864 and 1898. These initial settlements were generally in force for a period of 30 years after which a re-settlement was undertaken. At the re-settlement, however, no attempt was ordinarily made to revise the classification of the soil, the grain out-turn, etc., adopted at the initial settlement. The revision of assessment at the re-settlement was based generally upon the variations in the prices of the standard grains in the tract as might have taken place subsequent to the original settlement. The commutation rate adopted at the expiring settlement was compared with commutation rate at the re-settlement calculated on the basis of the average of the prices prevailing during the 20 non-famine years preceding the re-settlement, and the rates of assessment were enhanced only when this comparison disclosed a substantial increase in prices. Even

where enhancements were made, the rates of assessment were enhanced only to a moiety of the increase in prices the reason being that the State made a liberal allowance for increased cost of cultivation and for promoting higher standards of living.

Throughout the period during which the re-settlements were undertaken, prices were steadily raising and as the rates of assessment were consequently increased at each re-settlement the re-settlement operation came to be viewed by the public as being synonymous with a measure to increase the land taxation. Finally, in 1939 the Government decided to abandon re-settlements altogether.

The dry rates of assessment in Andhra region range from a maximum of Rs. 10 per acre in Guntur district to a minimum of Re. 0-2-0 per acre in Anantapur district. Wet rates range from a maximum of Rs. 14-4-0 per acre in East Godavari district to a minimum of Rs. 1-2-0 per acre in Anantapur district. These rates exclude local cesses levied by local bodies which constitute about 5 annas in a rupee of land revenue. The range of assessment on wet and dry lands in the various districts of the former Andhra State is given on page 79.

TELANGANA.

The basis of land revenue assessment in the Telangana region of the State is primarily the quality of soil, facilities of communication and marketing, etc. A group of villages is assigned a particular maximum rate keeping in view the conditions of the soil and the relevant agro-economic conditions. The survey number is taken as unit of assessment in the sense that field to field assessment is determined on the basis of the maximum rates sanctioned. In other words the bhagannas arrived at by means of classification (Parat) are considered as the basis for the determination of the assessment of a particular survey number, as the maximum rates sanctioned are in terms of areas which carry sixteen annas bhagannas. Thus it will be seen that the method of assessment as it obtains today in this region is more or less empirical. Factors such as gross yield and the net income and the capacity to pay are, however, kept in view.

As for the wet rates, it may be noted that the maximum wet rates sanctioned for a particular area are consolidated wet rates, i.e., inclusive of the water charges. These wet rates are also worked out from field to field on the basis of the bhagannas.

While fixing wet rates, consideration is also given to the "Water class value" besides the "Soil Value" depending on the source of irrigation.

The maximum term of settlement is generally 30 years. But it usually ranges between fifteen to twenty years in Telangana.

The dry rates of assessment in Telangana vary from a maximum of Rs. 3-6-10 per acre in Medak district to a minimum of Re. 0-10-3 per acre in Adilabad district. The wet rates range from a maximum of Rs. 18-13-9 in Medak district to a minimum of Rs. 6-13-9 per acre in Adilabad district. These rates exclude local cesses which constitute about two annas in the rupee of land revenue. The range of land revenue assessments in Telangana is indicated on page 80.

ANDHRA PRADESH.

The Hyderabad special assessment was in force in 1956-57 in those areas of Telangana which were due for re-settlement. This was levied as a surcharge on the amount of land revenue payable and was collected at the rate of one anna per rupee of land revenue in the case of wet lands and two annas per rupee of land revenue in the case of dry lands.

The Andhra land revenue standardisation of assessment came into force in 1957. This measure seeks to minimise the inequitous disparities in assessment in different tracts due to different conditions of agricultural prices, etc., at different times at which the settlements were made. This measure is based on the recommendations of the Taxation Enquiry Commission.

The same reason prompted the levy of additional wet assessment also. Besides, there is additional justification for this measure in the following:

In the case of wet land the assessment includes a charge for water besides land revenue proper, this charge being estimated at 70 per cent of the total assessment, the rest being land revenue proper. With the heavy rise in the cost of providing irrigation facilities, it is only natural that the beneficiaries should be required to pay higher rates. Besides there are areas where the alternative source of water supply is costlier than that provided at Government rates. Due to these reasons additional wet assessment was levied in 1956 at the rate of $18\frac{3}{4}$ per cent of land revenue assessment payable. This was raised in 1957 to $37\frac{1}{2}$ per cent. This levy is subject to the condition that the additional assessment together with land revenue shall not exceed Rs. 13.50 per acre in the case of single wet crop and Rs. 20.25 in the case of double wet crop. Whenever land revenue payable is higher than the maxima specified above, only the land revenue was to be

collected. The exceptions to this levy are beneficiaries from wells, spring channels and rainfed tanks which receive water supply for a period of less than eight months in a year.

Betterment contribution was levied in Andhra and Telangana prior to 1957 but the measure has so far not yielded any receipts nor has the law undergone any changes.

Two more charges were levied on land in 1957. A surcharge on land revenue was levied with the intention of introducing an element of progression in the system of land revenue assessment. The Agricultural Income-tax, in force in Telangana, was considered unsuitable since the receipts thereunder dwindled consequent on the abolition of Jagirs. Besides, it involves expenditure on additional staff. The levy of the surcharge coincided with the repeal of the Hyderabad Agricultural Income-tax. Special charge on commercial crops was levied in 1957 to collect larger contribution from farmers raising commercial crops since in the general scheme of land revenue settlement only staple foodcrops are taken into account in fixing the assessment.

3. *Changes in Excise Revenue*.—Excise revenues have been rising slowly. The reasons has been partly due to changes in the rates as per example raising of duty on Indian made foreign spirits from Rs. 35 per proof gallon to Rs. 70 per proof gallon, fresh imposition on Indian made foreign liquors at Rs. 18 per proof gallon and increase in the rentals of shops and partly due to the increase in the consumption of the drinks due to the rise in wages and also the influx of population into the wet areas in the State since the formation of Andhra Pradesh. The status quo, i.e., prohibition in Andhra area and its absence in Telangana is being continued and there are no immediate plans for changes herein. Therefore, there is not likely to be any appreciable change in the budget due to the excise policy. A new organisation has been set up recently for administering the prohibition laws in the Andhra area more effectively. This department has been placed under the overall control of the Board of Revenue which is also in charge of Excise work in Telangana region.

4. *Cesses*.—The State Government levies the sugarcane cess. No portion of this cess is distributed to the local bodies. Cesses on land, and education cesses in Andhra and the former alone in Telangana are collected by the State along with land revenue and credited to the local bodies. The revenues accruing to the State under the sugarcane cess and details of the amounts of other cesses collected and transferred to the local bodies are shown below:

[Statement

(Rs. in lakhs.)

Years	Receipts from sugar-cane cess	Receipts from cesses transferred to Local Bodies
1956-57	(Not available)	(Not available)
1957-58	41.60	143.17
1958-59	63.05	161.49
1959-60	66.58	160.64
1960-61 (R.E.)	105.00	Not available.
1961-62 (B.E.)	107.00	Not available.

5. *Administrative Reforms.*—A number of measures of varying significance have been undertaken to reorganise the administrative structure in the State. The most significant of these is the implementation of the democratic decentralisation scheme based on the Balvanthrai Mehta Committee Report. A three tier system of local democracy based on the village panchayat, consisting of the Panchayat, Panchayat Samithi and Zilla Parishad has been established and the developmental functions of the State at the village and district level have been transferred to them. This has been done with a view to broadening the basis of democracy through the devolution of authority and units of administration close to the people and to ensure that the genuine needs of the locality are satisfied through local initiative and action. Though no large scale transfer of control over resources has been made, such measures are under consideration, including transfer of a larger proportion of land revenue to the local units. Already Government have ordered the transfer of Rs. 1.05 per head of population to the Panchayats and Samithis out of the land revenue receipts. This results in a fall of land revenue receipts. It will be difficult to envisage the ultimate effects of this measure on the State's budget until several issues are decided.

ADMINISTRATIVE REFORMS COMMITTEE.

In May 1960, the Andhra Pradesh Government have appointed a Committee under the Chairmanship of Sri K. M. Unnithan, I.C.S., to examine the present administrative organisation in this State and to suggest reforms in the existing set up with a view to step up the administrative efficiency.

This Committee has since submitted its report. The Committee has made as many as 91 recommendations which are calculated to ensure speedy and efficient functioning of the State Administration.

The recommendations made by the Committee are under the active consideration of Government.

[Copies of the printed report of this Committee have already been sent to the Finance Commission.]

6. *Pay Committee*.—The State Government appointed a Pay Committee under the Chairmanship of Shri K. Brahmananda Reddi, Finance Minister, in May 1958. The Committee submitted its report (Part I) in November 1958, dealing with the revision of pay scales, etc., relating to the low-paid employees of the Government and teachers under the local bodies and aided managements. The recommendations in Part I of the Committee's Report were accepted by the Government with certain modifications and orders were issued in G.O. Ms. No. 1044, Finance, dated 24th June 1959. Subsequently in September 1959, the Committee submitted Part II of its Report dealing with the revision of pay scales and allowances of the employees (other than teachers) of the Hyderabad and Secunderabad Municipal Corporations, Municipalities, District Boards and Panchayats. Summary of the recommendations in Part I and II of the Committee's Report is given below. The financial implications of the recommendations are as follows:

PART I OF THE COMMITTEE'S REPORT.

	RS. IN LAKHS.
	<i>Per annum.</i>
Extra cost on account of revision of scales of pay of Government employees. ...	185.00
Extra cost on account of revision of scales of pay of teachers in schools run by Local Bodies and Aided Institutions.—(State's share only). ...	60.00
	<hr/> 245.00
Additional cost on account of increased rates of dearness allowance. ...	108.00
	<hr/>
Total ...	353.00
	<hr/>

PART II OF THE COMMITTEE'S REPORT.

Extra cost on account of revision of scales of pay of employees (other than teachers) of local bodies. ...	37.79
Extra cost on account of revised rates of dearness allowance. ...	14.35
Extra cost on account of compensatory allowance ...	8.23
	<hr/>
Total ...	60.37
	or Rs. 60 lakhs (roundly.)

(The State Government agreed to bear 50 per cent of the above cost, i.e., Rs. 30 lakhs per annum by way of grant-in-aid to the local bodies.)

OTHER ITEMS.

Certain minor changes in the scales had also to be made subsequently. Extra cost on this account is estimated at Rs. 20 lakhs per annum.

The commitment on the State finances on account of the revision of scales of pay and allowances of N.G.Os. is expected to be in the neighbourhood of Rs. 400 lakhs per annum as shown below:—

	Rs. in lakhs.
Part I of Pay Committee's Report	353
Part II of Pay Committee's Report (State's share) ...	30
Other minor changes	20
	<hr/>
Total ...	403
	<hr/>

SUMMARY OF RECOMMENDATIONS IN PART I OF THE REPORT OF THE PAY COMMITTEE.

The Committee felt that the principle of providing for a living wage for low-paid employees has to receive greater consideration.

In fixing the pay scales for the higher categories of employees, due consideration has been given to the fact that the emoluments of an employee should be such as to afford him to lead a comfortable life consistent with his responsibilities and work.

With a view to reducing the disparities in scales of pay of the Central and State Government employees, it is hoped that the State Government would pursue the matter with the Central Government to keep the interests of the entire country in view and not deal with the pay scales of Central Government employees in isolation.

Regarding the existing anomalies in the scales of pay applicable to employees from the Andhra and the Telangana regions of the State, it may be said that the existing scales in Telangana area will remain in operation for some time to come till the present incumbents in Telangana either retire or get promoted, when the existing disparities will eventually disappear.

The minimum emoluments of a Class IV employee may be fixed at Rs. 56 per mensem—Rs. 26 as basic pay and Rs. 30 per mensem as dearness allowance.

For the lower category of Class IV employees such as peons, malis, etc., the pay scales of Rs. 26—1—40 is suggested.

For Attenders, Jamadars, Dafedars, etc., the scale of Rs. 30—1—45 is recommended.

Class IV employees such as Jamedars, Dafedars, Pcons, etc., may be designated as Attenders.

For Shroffs, Motor Drivers and others the scale of Rs. 41—2—65 is proposed.

For Tractor Drivers, Drivers of Bull-dozers, etc., the scale of Rs. 50—2—64—3—85 is proposed.

For Motor Drivers 20 per cent of the posts of drivers should be in the higher grade of Rs. 50—2—64—3—85 to act as an incentive for promotion.

For a Lower Division Clerk a minimum basic pay of Rs. 50 with a dearness allowance of Rs. 34, thus making a total of Rs. 84 per mensem is recommended.

Motor Drivers serving under Ministers will draw an allowance of Rs. 25 per mensem.

Higher scales of pay are recommended for Superintendents and Upper Division Clerks working in the Secretariat.

Separate scales have been proposed for ministerial employees working in Headquarters Offices and District or Subordinate Offices.

Personal Assistants to Ministers will draw the scale of pay of Upper Division Clerks or Superintendents of the Secretariat from whom they are selected and in addition draw a Special Pay of Rs. 40 per mensem.

Upper Division Clerks and Lower Division Clerks may henceforth be designated as Senior Assistants and Junior Assistants, respectively.

Posts of Registrars or Managers in Directorate Offices carrying a higher scale of pay than that of a Superintendent should be merged in the cadre of Superintendents.

Graduate appointed as a Lower Division Clerk in the grade of Rs. 50—120 will start at Rs. 62 in this grade. Similarly, holders of Diploma in Commerce will start at the stage of Rs. 56.

Full opportunities of promotion for ministerial employees in all offices, by transfer of some employees from the Districts to Headquarters Offices and from the Directorate Offices to the Secretariat should be given.

Typists will be placed in the scale of pay of a Lower Division Clerk without typewriting special pay.

Typists can be drafted into the clerical cadre after a service of five years to qualify themselves for further promotion.

Stenographers who passed the Shorthand Examination in the Higher Grade can be promoted to the grade of an Upper Division Clerk. A Stenographer passing the Shorthand examination in the Lower Grade will draw a Shorthand Special Pay of Rs. 15 and a Stenographer passing the Shorthand examination in the Higher Grade will draw a special pay of Rs. 25 per mensem.

The scale of pay of Assistant Secretaries will henceforth be Rs. 400—25—700.

Annual increments have been recommended in all cases.

Abolition of 'Efficiency Bars' is recommended.

Pay scales for Executive and Technical posts have been suggested keeping in view the period spent on education and training required for each service and the avenues of promotion available in it.

Only posts in the scale of pay of Rs. 250—400 or higher be treated as Gazetted and all the others as Non-Gazetted.

The upward revision of scales of Non-Gazetted employees has made certain consequential changes in the higher ranges inevitable and hence revised scales have been proposed in the categories of officers also.

It is recommended that other similar Gazetted scales may also be examined and rationalised.

Revised rates of dearness allowance have been recommended taking into account the *ad hoc* increases sanctioned by Government from 1st April 1957.

The house rent allowance now drawn is merged in dearness allowance and will discontinue in future.

Officers of Grade I to III will in future draw $1\frac{1}{3}$ First Class Railway fare in case of journey by rail outside the State in lieu of incidental charges now admissible to them. The daily allowance of 75 nP. now admissible to employees of Grades XI to XIII has been raised to Rs. 1.25 nP.

The additional expenditure involved in the revision of scales of pay and dearness allowance is estimated at Rs. 403 lakhs.

Measures have been suggested for augmenting the resources of the State to meet the additional outlay involved in the revision of pay scales, at least partially.

Office hours to be changed to 10 a.m. to 5 p.m. both in the city and in the districts.

Principles have been enunciated for fixing the pay of the existing incumbents in the revised scales.

Option has been given to all substantive or officiating holders of posts either to opt to the revised scales or elect to remain in their existing scales.

Those who opted the present scales will continue to draw dearness allowance and house rent allowance at the existing rates.

The revised scales of pay may take effect from 1st November 1958.

SUMMARY OF THE RECOMMENDATIONS IN PART II OF THE REPORT OF THE PAY COMMITTEE.

Part II of the Pay Committee's Report deals with the Pay Scales of employees of the Hyderabad and Secunderabad Municipal Corporations, Municipalities, District Boards and Panchayat Boards, the minimum of whose scale of pay is Rs. 250 or less; except the teaching staff of the District Boards and other Local Bodies, already dealt with in Part I of the Report.

(ii) Pay Committee mostly recommended the same scales of pay for employees of Local Bodies which were recommended for similar categories of posts in Government services.

(iii) Pay Committee further recommended that the qualification prescribed for the employees of Local Bodies should be the same as for corresponding posts under Government and their rules of recruitment should be made to correspond with those of Government as far as possible.

(iv) The teaching staff of District Boards were already sanctioned, the scales of pay proposed by the Pay Committee for their compeers in Government schools. For Engineering Supervisors of Buildings, Waterworks and Town-Planning and for Agricultural and Veterinary Graduates, Pay Committee recommended the same scales of pay which were recommended for corresponding posts under Government.

(v) The Sanitary Inspectors were proposed to be given the same scales of pay which were recommended for Health Inspectors under Government. For Licence Inspectors under District Boards possessing the same qualification as that of Health Inspectors in the Public Health Department the

Pay Committee proposed the scale of pay recommended for Health Inspectors. For Health Assistants in Andhra area in the present grade of Rs. 45—75, Pay Committee suggested the revised scale of Rs. 50—2—54—3—85 and for those in the grade of Rs. 45—85 the grade of Rs. 50—3—92—4—100 was recommended.

(vi) Compounders in Local Bodies who were Matriculates were given the same scale of pay (i.e.), Rs. 50—120 as in Government.

(vii) For Medical Officers the following scales of pay were recommended:—

For persons with L.M. or
G.C.I.M. qualifications. Rs. 180—7½—210—10—290—15—350

For L.I.M., Ayurvedic Vaids
and Unani Tabcebs holding
recognized qualifications. Rs. 150—7½—210—10—250

For others not holding any
of the above qualifications. Rs. 90—4—110—5—150—7½—180

(viii) Subsidized Rural Medical Officers were recommended the uniform rate of Rs. 90 per mensem.

(ix) Revised scales were proposed to remove the existing disparities in the scales of pay between Revenue Officers and Accountants and to facilitate transfers from one category to the other.

(x) For Upper Division Clerks under Hyderabad and Secunderabad Corporations the revised scale of Rs. 90—180 and for those under other Local Bodies the revised scale of Rs. 90—150 and for Lower Division Clerks the revised scale of Rs. 50—120 as in the Government were proposed.

(xi) For Class IV employees of Local Bodies in the existing scales of Rs. 21—26, Rs. 18—25 and Rs. 15—20, the revised scale of Rs. 26—40 as under Government was recommended. For those in the grades of Rs. 22—30 or Rs. 24—35 and Rs. 30—50 or Rs. 35—45, the revised scales of Rs. 30—45 and Rs. 41—65, respectively, were suggested.

(xii) Technical employees in the grade of Rs. 40—50, Rs. 40—60, etc., were proposed the revised scale of Rs. 41—65 and Rs. 50—85.

(xiii) For all whole-time employees (excluding work-charged establishments or those met from contingencies) of Local Bodies the Pay Committee recommended the same rates of dearness allowance and compensatory allowance which were sanctioned by Government for their employees in G.O. Ms. No. 1044, Finance, dated 24th June 1959.

(xiv) The revised scales of pay, dearness allowance and compensatory allowance recommended for employees of Local Bodies were to take effect from 1st October 1959.

7. *Economy Committee*.—A Committee was constituted in August 1957 to examine the working of the administrative machinery and to make suitable recommendations for its improvement with due regard to economy and efficiency. The Committee appointed in 1957 continued its deliberations during the years 1958-59 and 1959-60. The Committee examined 13 Departments of the Secretariat and twenty-three offices of the Heads of Departments. It also examined a number of offices in the two districts of East Godavari and Guntur and made recommendations to Government. As a result of the recommendations of the Economy Committee the Departments of the Secretariat which consisted of 13 Departments were reorganised into 11 Departments. The main changes related to three Departments, viz., Social Welfare and Labour, Health and Local Administration Departments. The Social Welfare and Labour Department was abolished and the subjects relating to Social Welfare, namely, Scheduled Caste, Scheduled Tribes and Backward Classes, etc., and Women Welfare were transferred to the Education Department and the subjects Labour and Endowments were transferred to the Home Department. The two Departments, Health and Local Administration were merged into one Department known as the "Health and Local Administration Department". The recommendations of the Committee regarding the future set up of some of the Departments of the Secretariat, Offices of the Heads of Departments including Subordinate Offices submitted to Government envisaged a saving of about Rs. 35.70 lakhs per annum. The proposals so far approved by Government are expected to yield a saving of Rs. 34.66 lakhs per annum ultimately.

The Economy Committee made the following recommendations calculated to improve administrative efficiency:

(1) That the Tottenham System of office procedure be introduced in all the Offices of Heads of Departments and Subordinate Offices as well.

(2) That the Heads of Departments while seeking orders from the Government should send the concerned file bodily in the form of U.O. reference to the Secretary to the Department concerned. This experiment is now being tried with five Heads of Departments and the Board of Revenue.

(3) That the Heads of Offices should be in touch with tappals so as to minimise red tape.

(4) That noting in the Secretariat should be done at the level of Assistant Secretary.

(5) That in order to have an effective budgetary and financial control, Financial Advisers should be appointed for the four major spending Secretariat Departments, viz., Education, Health, Agriculture and Public Works.

(6) That persons who find themselves unable to cope with their work in the present set up be persuaded to go on voluntary retirement with a reasonable weightage for purposes of pension, etc.

(7) That the Board of Revenue be abolished and Regional Commissioners be appointed; and

(8) That the number of Chief Engineers in the Public Works Department be reduced.

Out of the above mentioned eight recommendations of the Economy Committee the first six have been accepted by Government in principle and the other two are under the consideration of Government.

In G.O. Ms. No. 775(O&M)Deptt., dated 28th May 1960 an Administrative Reforms Committee was constituted to review the working of the Administrative Machinery with a view to assessing its adequacy to a Democratic Government and Welfare State. It was, therefore, considered unnecessary to continue the Economy Committee and Government accordingly directed in June 1960 that the Economy Committee be wound-up. The Economy Committee was therefore wound up and the residuary work of the Economy Committee was entrusted to the Organisation and Methods Division for completion.

The Organisation and Methods Division has inspected 19 offices in the City. The purpose of surveys and inspection by the Organisation and Methods Division is not necessarily to effect economies by retrenchment of surplus staff, but to study the working of the departments and devise measures to improve efficiency to secure better use of staff, to advise the Heads of Departments, etc., in the matter of organisation and methods, and if necessary to suggest increase of staff. The functions of the Organisation and Methods Division is advisory, and its approach will be to help the Heads of Offices to improve their office machinery and to secure economy consistent with efficiency.

Tentative proposals for economy in respect of the 14 offices have been submitted to Government. These proposals are expected to result in a saving of about Rs. 1 lakh per annum,

holdings. Among the exemptions to this law are lands held by the State, or religious or charitable or educational institutions, co-operative societies, lands awarded for gallantry, tea, coffee and rubber plantations, orchards, farms for cattle breeding, sugarcane farms maintained by cane factories and compact blocks of efficiently managed farms. A complementary legislation covering lease lands and providing protection to tenants, etc., is also under enactment.

It is difficult to forecast the effects of these measures on the budget. No reliable data is available on the extent of surplus land that will be available for redistribution and the amount of expenditure that will have to be borne by the State Government by way of compensation to owners of surplus land. In any case the compensation payable will be spaced out and a part thereof paid in bonds. The expenditure incurred by the Government will be collected from persons to whom lands are distributed.



8. *New State enterprise or expansion of existing units.*—During the Second Plan period, the State Financial Corporation was set-up. The Government Ceramic Factory, Gudur, has been expanded at a cost of Rs. 12.67 lakhs. It was also proposed to set up five Co-operative Sugar Factories with the State contributing the share capital. An amount of Rs. 81.19 lakhs was provided in the State's Second Plan for this purpose and this has been almost completely spent. Two of these factories are expected to go into production during 1960-61 and another two in 1961-62.

To establish, promote and develop industries in the State the Industrial Development Corporation was set up recently with an initial capital of Rs. 1 crore, contributed entirely by the Government. It has been proposed to provide a sum of Rs. 103 lakhs for this scheme in the Third Plan.

During the Third Plan period, the Rajahmundry Paper Mills will be expanded to produce 50 tons a day at an estimated cost of Rs. 400 lakhs. It is also proposed to take over and develop the Taj Glass Factory at an estimated expenditure of Rs. 17 lakhs and the factory is expected to produce 5,000 tons of hallow ware and 3,750 tons of sheet glass. Two more co-operative sugar factories are expected to be set up. A sum of Rs. 65 lakhs is proposed to be set apart as contribution towards the share capital of these factories. During the Third Plan period it is also proposed to establish the Industrial Development areas and a provision of Rs. 75 lakhs is being tentatively earmarked for this scheme. The object is to develop these sites into organised industrial complexes where major, small and cottage industries would be developed and sustained by their mutual complementarity.

9. *Programme of Agrarian Reforms.*—Comprehensive legislation on land holdings has been enacted. The Andhra Pradesh Ceiling on Agricultural Holdings Act prescribes the limit at four and a half times the family holding for every family of five with an additional family holding for every additional member. Holdings have been classified into eight categories and the extent of family holding ranges from six acres in the first category to 72 acres in the last. Thus the ceilings range from 27 acres to 324 acres according to the fertility of the soil, irrigation facilities, etc. These ceilings, in terms of acreage, will be equal to the ceiling of Rs. 3,600 per annum in terms of income prescribed under the Hyderabad Ceilings on Agricultural Holdings Act which will be replaced by the present legislation. While fixing the ceilings it has been accepted, that 1/6 of gross income will constitute the net income, on the assumption that crops fail once in every six years. The ceilings on future acquisitions have been fixed at three family

LAND REVENUE ASSESSMENTS IN ANDHRA AREA OF ANDHRA PRADESH STATE.

RATES IN 1956-57 AND 1960-61

Sl. No.	Districts	Dry Rates				Wet Rates		Remarks
		Maximum		Minimum		Maximum	Minimum	
		(3)	(4)	(5)	(6)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)		
		Rs. A.	Rs. A.	Rs. A.	Rs. A.			
1.	Srikakulam ..	..	0-9	6-8	1-4		
2.	Visakhapatnam ..	..	0-3	9-8	2-0		
3.	East Godavari ..	..	0-5	14-4	1-10		
4.	West Godavari ..	..	0-5	13-8	1-15		
5.	Krishna ..	..	0-5	11-14	3-0		
6.	Guntur ..	..	0-5	12-8	2-0		
7.	Nellore ..	..	0-4	8-14	2-0		
8.	Kurnool ..	..	0-4	10-0	2-0		
9.	Anantapur ..	..	0-2	10-2	1-2		
10.	Cuddapah ..	..	0-4	10-0	2-0		
11.	Chittoor ..	..	0-4	10-0	2-0		

Andhra Inams Assessment Act, 1955 was enacted which seeks to assess Inam lands, subject to certain exceptions, to full Ryotwari assessment. In the past, the inam lands were either held free of assessments or were liable only to pay a quit-rent, jodi or an amount of a like nature which was much less than the assessment payable on similar ryotwari lands in the neighbourhood.

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LAND REVENUE ASSESSMENTS IN TELANGANA AREA OF ANCHRA PRADESH STATE.

RATES IN 1956-57 AND 1960-61

Sl. No.	Districts	Dry Rates		Wet Rates		Lift		Flow	
		Maximum Minimum		Maximum Minimum		Maximum Minimum		Maximum Minimum	
		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1.	Hyderabad ..	..	2 12 0	2 2 3	16 4 6	14 9 2	8 9 2	..	16 4 6
2.	Medak ..	..	3 6 10	1 6 3	18 13 9	13 11 6	10 4 6	6 13 9	18 13 9
3.	Mahbubnagar ..	..	2 3 3	1 1 2	17 5 9	10 4 6	0 13 9	5 2 3	13 11 6
4.	Nizamabad ..	..	2 10 10	1 1 2	17 5 9	12 0 0	8 9 2	4 4 6	17 5 9
5.	Warangal and Khammam ..	..	2 5 9	1 1 2	16 6 10	8 9 2	0 13 9	5 2 3	10 4 6
6.	Karimnagar ..	..	2 12 6	0 15 6	15 6 10	2 9 10	7 11 6	4 4 6	15 6 10
7.	Nalgonda ..	..	2 14 3	1 4 7	18 0 0	8 9 2	8 9 2	5 9 3	15 6 10
8.	Adilabad ..	..	1 11 5	0 10 3	13 11 6	6 13 9	6 13 9	3 6 10	10 4 6

ADDITIONAL LAND TAXES

Sl. No.	Particulars	Rate of tax in 1960-61	Exemptions	Remarks
(1)	(2)	(3)	(4)	(5)
1. Surcharge :				
(i)	Where the amount of land revenue payable is Rs. 10 or less.	Nil.		Surcharge is leviable on all wet and dry lands in Andhra and on dry lands in Telangana provided that in the case of wet lands only $\frac{1}{4}$ of the land revenue is taken into account for calculating surcharge whereas for dry lands the whole of land revenue is taken into account.
(ii)	Where it exceeds Rs. 10 but not Rs. 100.	13 nP. in the rupee on the total land revenue payable.		
(iii)	Where it exceeds Rs. 100 but not Rs. 500.	25 nP. do		
(iv)	Where it exceeds Rs. 500	50 nP. do		
2. Special charge on Commercial Crops : (in addition to land revenue.)				
(i)	Casuarina	Re. 1 per acre.	Estate lands taken over by Govt. or lands used for nurseries.	Where two or more crops specified here-in are raised on the same land the special assessment shall be levied at the higher of the rates applicable as if such crop alone is raised. When two or more crops specified herein are raised, on any land in the same year, in succession, the Special Assessment shall be levied at the higher rate.
(ii)	Cotton	Re. 1 do		
(iii)	Coconut	Rs. 3 do	Remission of duty can also be ordered when there is either a failure of crop or when there is a fall in the price of the crop	
(iv)	Tobacco	Rs. 3 do		
	(a) Virginia	Re. 1 do		
	(b) Other Varieties	Rs. 5 do		
(v)	Turmeric	Rs. 5 do		
(vi)	Sugarcane	Rs. 5 do		
(vii)	Plantains	Rs. 5 do		
(viii)	Chillies	Rs. 3 do		



ADDITIONAL LAND TAXES (Contd.)

(1)	(2)	(3)	(4)	(5)
-----	-----	-----	-----	-----

(ix) Citrus fruit	..	Rs. 2 per acre	or other sufficient	The crops specified will be taxable only
(x) Groundnut	..	Rs. 1 do	causes.	when raised in a contiguous area exceeding
(xi) Betel vine ..	..	Rs. 5 do		10 cents in extent.
(xii) Onions ..	..	Rs. 5 do		

3. Betterment Levies

.. 1/2 of the increased value of land due to completion of construction, extension or alteration of an irrigation project. Payable in 20 instalments.

(a) In Andhra region the charge is levied only on ayacut areas of projects exceeding Rs. 20 lakhs in cost. The increase in value of land is calculated by capitalising the increase in the net additional income in a year by multiplying it with 25.

(b) In Telangana the charge is levied on ayacut areas of irrigation projects with an ayacut of 2,000 or more acres. The increase in value of land is calculated by multiplying by ten the gross additional increase in production.

4. Additional Wet Assessment (Liable in Andhra Region only)

37 1/2 % of the land revenue assessment payable for the year on all wet lands in Andhra served by a period of less than

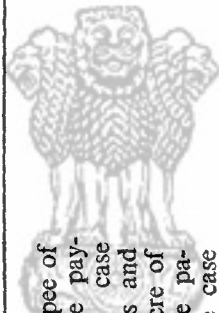
Condition for Levy.—The additional assessment together with land revenue payable in respect of the land shall not exceed Rs. 13.50 per acre in the case of single wet crop and Rs. 20.25 in the case of double wet crop. If the land revenue

a Govt. source of irrigation. in a period of eight months in a year. payable in respect of any land is higher than the maximum specified above, such land revenue assessment alone shall be collected.

5. Standardisation of Land Revenue Assessment (Leviable in Andhra only)

	Current rates of land revenue assessment plus two annas in the rupee of such assessment in the case of dry lands and half anna in the rupee of such assessment in the case of wet lands.
(a) Cuddapah district	}
Nellore district	
Guntur district	
Kurnool district excluding Adoni and Alur taluks	
Srikakulam district excluding Bobbili Cheepurupalli, Palakonda, Parvathipuram, Pathapatnam and Salur taluks.	
Madanapalli and Vayalpadu taluks of Chittoor district, Kadiri taluk of Anantapur district.	
(b) Chittoor district excluding Madanapalli and Vayalpadu taluks.	}
Bobbili, Cheepurupalli, Palakonda, Parvathipuram, Pathapatnam and Salur taluks of Srikakulam district and Visakhapatnam district.	
(c) The rest of the areas in Andhra area	Current rates of assessment only

ADDITIONAL LAND TAXES--(contd.).

(1)	(2)	(3)	(4)	(5)
6.	Hyderabad Land (Special Assessment) levied in districts and taluks due to a revision of settlement in Telangana. area.	<div data-bbox="498 927 578 1152">0-1-0 per rupee of land revenue payable in the case of wet lands and</div> <div data-bbox="578 927 704 1152">0-2-0 per acre of land revenue payable in the case of dry lands.</div>		

RATES OF SALES TAX

Sl. No.	Particulars	RATE OF TAX IN				
		1956-57		1960-61		
		<i>Andhra</i>		<i>Telangana</i>		
		<i>Andhra Pradesh</i>				
(1)	(2)	(3)	(4)	(5)		
I.	General Goods	.. .. .	0-0-3 per Rupee at each point of sale.	0-0-3 per Rupee at each point of sale.	2% of dealer's total turnover when it is over Rs. 10,000 a year.	
I.	(a) Food & Drink sold.					
	(i) In hotels etc. whose total turnover exceeds Rs. 25,000 a year	.. .. .	0-0-3 per Rupee at each point of sale.	0-0-3 per Rupee at each point of sale.	2% of dealer's total turnover when it is over Rs. 10,000 a year.	
	(ii) In other hotels	.. .. .	0-0-3 per Rupee.	0-0-3 per Rupee.	3% of turnover.	
II.	(1) Upholstered furniture	.. .. .	0-1-0 per Rupee at each point of sale.	0-1-0 per Rupee at each point of sale.	5% at first sale in addition to general tax of 2% on turnover.	
	(2) Ivory articles/articles inlaid with ivory	.. .. .	do	do	do	
	(3) Foam rubber sheets, cushions, pillows etc.	.. .. .	do	do	do	
	(4) Playing cards	.. .. .	do	do	do	
	(5) Marble & articles made thereof	.. .. .	do	do	do	
	(6) All Electrical goods and Instruments etc. including fans, bulbs and accessories.	.. .. .	0-0-6 per Rupee at first sale.	0-0-6 per Rupee at first sale.	3%	

(7) Any pen or pencil or set of both sold for Rs. 20 or more. 0-0-6 per Rupee at first sale. 3% at first sale in addition to general tax of 2% on turnover,

(8) Precious stones (diamonds etc.) whether sold or got in any thing. do. 2% at first sale. do

III. For articles mentioned below :

Only the tax at a percentage of turnover as specified below at first point of sale (except where otherwise stated) on the total turnover in a year of such goods irrespective of the quantum of turnover :

(1) All hosiery goods other than those made of cotton alone. 9%

(2) Matches 0-0-9 per Rupee at single point. 0-0-6 per Rupee at single point. 5%

(3) Motor vehicles etc. including motor cycles & scooters and parts. do plus general tax of 0-0-3 per Rupee. 7%

(4) Cycles, Accessories & parts .. Single point tax of 0-0-6 per Rupee. 3%

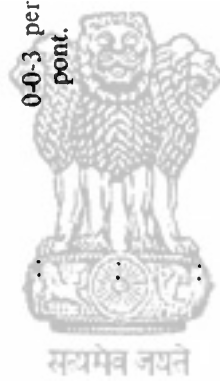
(5) Firewood do 2%

(6) Cement do 5%

(7) Gunnies do 3%

RATES OF SALES TAX—(contd.)


(1)	(2)	(3)	(4)	(5)
(8)	Bullion and Specie	1/2% at first sale.	1 1/4% at first sale.	1 1/2%
(9)	Articles and Jewellery made of bullion , and specie or both excluding precious stones.	do		do
(10)	Kerosene :			
	(a) Produced in the State and sold to a distributor.	0-0-3 per pont.	Rupee at single	3% at the point of sale by distributor.
	(b) In other cases .. .. .	..	do	3% at the point of first sale in the State.
(11)	Jaggery .. .. .	..	..	3%
(12)	Chemical fertilisers, bonemeal and oil cakes.	..	..	3%
(13)	Groundnut oil .. .. .	..	..	2%
(14)	Country Liquor .. .. .	..	
			0-2-0 per Rupee at single point 3% State liquor 0-0-6 per Rupee at single point.	
(15)	All liquor other than country liquor .. .. .	..	0-2-0 per Rupee single point	25%
(16)	Opium Bhang or Ganja .. .. .	..	0-0-6 per Rupee single point.	3%
(17)	Electrical hearing aids .. .. .	..	..	3%



(18) Mica	.. ..	.. 0-0-6 per Rupee at the point of last purchase in State.	..	3%
(19) Refrigerators, air conditioners and components thereof.	.. ..	.. Single point tax of 0-0-9 per Rupee at the first sale plus general tax of 0-0-3 Rupee.	..	7%
(20) Wireless units etc. radios, radiograms, valves, accumulators, loudspeakers etc. and parts and accessories.	.. ..	.. Single point tax of 0-0-9 per Rupee at the first sale plus general tax of 0-0-3 per Rupee.	..	7%
(21) Cinema equipment including cameras, projectors etc. and sound equipment, lenses, films and parts and accessories.	.. ..	do	..	7%
(22) Photographic cameras etc. and parts and accessories.	.. ..	do	..	7%
(23) All clocks and time pieces and watches etc. and parts etc.	.. ..	.. Single point tax of 0-0-6 per Rupee at first sale plus general sales tax of 0-0-3 per Rupee.	..	7%
(24) Iron and Steel Safes etc.	.. ..	..	..	7%
(25) All arms rifles etc. and ammunitions	.. ..	..	..	7%
(26) Cigarette cases and lighters	.. ..	.. 0-1-0 per Rupee at each point of sale.	..	7%
(27) Dictaphone and other sound recording apparatus and parts, etc.	.. ..	..	..	7%
(28) Sound transmitters including telephones, loudspeakers and parts etc.	.. ..	..	..	7%



RATES OF SALES TAX—(Contd).

(1)	(2)	(3)	(4)	(5)
(29)	Typewriters, tabulators, duplicators and parts, etc.	..	..	7%
(30)	Binoculars, telescopes and parts, etc.	..	..	7%
(31)	Gramophones and components and records.	0-1-0 per rupee at each point of sale.	..	7%
<div> <div>  <p>सत्यमेव जयते</p> </div> <div> <p>Only the tax as a percentage of turnover as specified below on the turnover of purchase in each year irrespective of the quantum of turnover.</p> </div> </div>				
IV. For articles mentioned below :				
(1)	Manganese including ore	..	0-0-6 per Rupee at the point of last purchase.	3% at the point of last purchase.
(2)	Iron ore	..	..	3% do
(3)	Paddy	..	..	4% at the first point of purchase in the State.
(4)	Rice	..	do	4% do
(5)	Copra	..	do	3% do
(6)	Turneric	..	0-0-3 per Rupee at first purchase.	6% do
(7)	Millets	..	..	2% do

V. For declared goods mentioned below :

A single point tax is levied except where these goods are sold in the course of interstate trade commerce.

(1) Coal including coke	..	..	2% at first sale.
(2) Iron & Steel including pig iron, scrap iron, steel ingots, rolled steel etc.	..	..	2% at first sale.
(3) Oil seeds :			
(a) Coconuts ..	..	0-0-6 per Rupee at first point of sale.	2% at first purchase.
(b) Cotton seeds	..	..	2% at the point of first sale.
(c) Groundnuts	..	..	2% at the point of last purchase.
(4) Jute ..	..	0-1-0 per Rupee at first purchase.	do
(5) Cotton	..	1/2 % of turnover at the stage of purchase by spinning mill or exporter.	do
(6) Hides and Skins.			
(a) Untanned	..	..	do
(b) Tanned hides and skins not subjected to tax in untanned state.	..	..	do
(7) Cotton yarn	..	1/2 % of turnover at first sale only.	1/2 % at first point of sale.

RATES OF SALES TAX—(Contd.)

(1)	(2)	(3)	(4)	(5)
VI.				
(1)	Fine and Superfine varieties of mill cloth. 0-1-6 per Rupee at first point of sale.	..	..	..
(2)	(a) Cotton cloth made in mills or Power looms costing Rs. 2-8-0 or more per yard.	..	0-0-6 per Rupee at first point, and 0-0-3 per Rupee at subsequent points.	..
	(b) Coarse and medium cotton cloth.. made in mills or power looms and costing less than Rs. 2-8-0 per yard.	..	0-0-3 per Rupee at each point of sale.	..
(3)	Cigars and cheroots costing less than 0-2-0 per cigar.	..	0-0-6 per Rupee at the point of first sale.	..
(4)	Beedies, snuff, etc.	..	..	..
(5)	Cigarettes :			
	(a) Costing 0-2-0 or less per packet of 10	..	0-1-3 per Rupee at single point 0-2-0 per Rupee at single point, 0-2-6 per Rupee at single point.	..
	(b) Costing between 0-2-0 and 0-6-0 per packet of 10.	..		
	(c) Costing between 0-6-0 and more per packet of 10.	..		
(6)	Country variety Tobacco ..	..	0-0-6 per Rupee at first point of purchase.	..
(7)	Virginia Tobacco ..	..	0-0-7½ per Rupee at first point of purchase.	..

(8) Unmanufactured tobacco : (assumed to be agricultural produce).	..	0-0-3 per Rupee on turnover.	..
(9) Manufactured tobacco	..	0-0-3 per Rupee at each point of sale plus 0-0-6 per Rupee at first point.	..
(10) Sugar	..	0-0-9 per Rupee at the stage of first sale.	..
(11) Luxury goods	..	0-0-9 per Rupee at each point of sale.	..
(12) Fruits (Except when sold in sealed containers).	..	0-0-3 per Rupee at first point of sale.	..
(13) Books not exempt under the Hyderabad Sales Tax Act.	..	do	..



SALES TAX.

EXEMPTIONS PROVIDED FOR IN THE ACT (1960-61).

1. Salt.
2. Electrical Energy.
3. Motor Spirits.
4. Toddy.
5. All varieties of textiles, viz., Cotton, wollen or silk including rayon art silk or nylon, whether manufactured by handloom, powerloom or otherwise.
6. Sugar.
7. Tobacco and all its products.

EXEMPTIONS AS NOTIFIED IN THE ANDHRA PRADESH GENERAL SALES TAX RULES, 1957.

1. Ears of maize.
2. Grass, hay, straw and kabbi.
3. Fresh milk, curds and butter milk.
4. Flowers.
5. Eggs.
6. Meat other than canned, preserved, dried or dehydrated.
7. Fruits other than coconuts, which ave not been canned, preserved, dried or dehydrated.
8. Vegetables other than potatoes and onions which have not been canned, preserved, dried or dehydrated.
9. Fish other than canned fish.
10. Charkas and their parts, slives and guts.
11. Earth work and grant quarrying contracts.
12. X-Ray thearpy and X-Ray photos taken in the course of electric treatment.
13. Diognostic X-Ray photos.
14. Medicines dispensed to patients by private medical practitioners owning dispensaries.
15. Slates and slate pencils.
16. Government of India Publications.

17. Books, Stationery, etc., supplied by the Stationery Department of the State Government to other departments of the Government; and
18. Books published by the Universities.
19. Scriptures of the Foreign Bible Society, Quran, Books on religion, Puraic and Vedic literature with or without commentaries and books on theosophy sold by dealers dealing exclusively in such books.
20. Handspun yarn and cloth woven and handlooms with handspun yarn.
21. Sale of food by hospitals to in-patients.
22. Purchase of paddy by all India Khadi and Village Industries Board for conversion into hand pounded rice or purchase of handpounded rice as such.
23. Banks exempt from taxes under this act except when they function as agents of dealers.
24. Dealers dealing in cloth woven on handloom.
25. The sales of bran and husk by dealers who have paid tax on the purchase of paddy.
26. Hostels, etc., run on no profit basis.
27. Producers and dealers of country oil where oil is produced without employing electricity.
28. Dealers of the following goods if they have paid central excise on the goods:
 - (a) All varieties of textiles.
 - (b) Sugar.
 - (c) Tobacco and its products.
29. Betel leaves.
30. Sales of provisions and other goods to military farms, shop, canteens, supply depots, etc., established for military personnel.
31. Sales of handloom cotton "nawar" rope by dealers who deal exclusively in such tape.
32. Sale of crude oil by oil distributing companies like Burmah Shell.
33. Sales of petroleum products other than motor spirits and kerosene.
34. Sales of seamless quilts.

CENTRAL SALES TAX

Levied with effect from 1957

Particulars	Rate of tax	Exemptions and Concessions
Sales in the course of inter State Commerce of ..	..	In case a class or classes of goods are exempt from Sales tax in the State or subject to a tax lower than 1% then the State tax is applicable to these goods.
(1) Declared Goods ..	.. 1 % of turnover	
(2) Others ..	.. According to Law of Sales Tax in force in the State.	

NOTE.—“Declared Goods” are goods considered to be of special importance in inter-State commerce. These are mainly raw materials used in industries, coal, iron and steel of all kinds, cotton and cotton yarn, jute, oil seeds and hides and skins.

SALES TAX ON MOTOR SPIRITS

Particulars	RATE OF TAX IN		Exemptions in 1960-61
	1956-57	1960-61	

(1)	(2)	(3)	(4)
1. Petrol	.. Andhra	37 np. per gallon.	(a) When a wholesale dealer or an importer owning motor vehicles draws motor spirits required for his own use from the retail dealers to whom he supplies, the transaction amounts to a retail sale and is taxable. But in cities the retail sales made to such importers have been exempted from tax, as a special case.
	Telangana	0-4-0 per gallon	
2. Motor spirit other than petrol.	Andhra	19 np. per gallon.	(b) The sales of motor spirits supplied as bunkers oil to ships calling at the ports in this State are also exempted from tax provided the dealers who make such supplies show these deliveries in their monthly returns.
	Telangana	0-3-0 per gallon	
3. Aviation spirit	.. Andhra	..	(c) Full rebate of the tax leviable under this Act in respect of the aviation spirit required for civil aviation is granted.
	Telangana	0-3-0 per gallon	

SUGARCANE CESS

RATE OF TAX IN
 { 1956-57 1960-61

Andhra	..	..	Rs. 3 per ton.	Rs. 5 per ton.
Telangana	..	..	Rs. 4 per ton.	Rs. 5 per ton.

ENTERTAINMENTS TAX

Sl. No.	Particulars and rate of Tax in		Exemptions
	1956-57	1960-61	
(1)	(2)	(3)	(4)

I. Entertainments Tax.

Andhra Region

(i) In respect of all entertainments where the rate of admission (exclusive of tax) is :

- (a) 0-5-0 or below 1.5 of such payment
 (b) More than 0-5-0 but less than 1-8-0 } 1/4 of such payment.
 (c) More than 1-8-0 1/3 of such payment.

I. Entertainments Tax.

Andhra Region

Where the payment for admission (exclusive of tax) is :

- (a) Not more than 30 np. 1/5 of such payment.
 (b) Between 30 np. and Rs. 1.50 np. 1/4 of such payment.
 (c) More than Rs. 1.50 np. 1/3 of such payment.

The entertainments tax shall not be levied on payments for admission to any entertainment where the State Government are satisfied :

- (a) that the entire gross proceeds of the entertainment are devoted to philanthropic, religious or charitable purpose without any charges on such proceeds for any expenses of the entertainment or

- (b) that the entertainment is of wholly educational character.

ENTERTAINMENTS TAX—(contd.).

(4)

(3)

(2)

(1)

*Telangana Region***II. Indian dances etc.—**

where the rate of admission is :

Where such payment (exclusive of tax) :

- (a) Rs. 3. and less 1/8 of such payment.
 (b) Between Rs. 1/4 do
 Rs. 3. and Rs. 5.
 (c) More than Rs. 5 1/3 do

- (a) Is not more than Rs. 1.50 np. { 1/5 of such payment in Hyderabad and 1/6 elsewhere.
 (b) Is between Rs. 1.50 1/4 of such payment.
 and Rs. 3.
 (c) Is more than Rs. 3 1/3 of such payment.

*Telangana Region : Levied by the Municipality.***III. Cinema Show Tax :***Andhra Region*

- (a) Exhibitions held in notified municipalities. } Rs. 2 per show.
 (b) Exhibitions held in other municipalities. } Rs. 1-8-0 per show.
 (c) Exhibitions held elsewhere and touring talks in all places. } Re. 1-0-0 per show.

II. Indian dances etc.*

where the payment for admission (exclusive of tax) is :

- (a) not more than Rs. 3.00 1/8 of such payment.
 (b) between Rs. 3.00 and Rs. 5.00. 1/5 do
 (c) more than Rs. 5.00. 1/3 do

(c) that the entertainment is provided for purposes which are partly educational, cultural or scientific by an Institution not conducted or established for profit or

(d) that the entertainment is provided by an Institution not conducted for profit and established solely for the purposes of promoting the Public Health or the interests of Agriculture or of a manufacturing Industry and consists solely of an exhibition of articles which are of material interest in connection with questions relating to Public Health or Agriculture or of the products of the Industry for promoting the interests for which the Institution exists or of the materials, machinery, appliances or foodstuffs used in the production of those products.

(2) The State Government may by general or special order exempt any entertainment or class of entertainments from liability to the entertainment tax.

III. Cinema Show Tax*

Telangana

- | | | |
|--|------------------------|--|
| (a) Where population is 50,000 or more. | } Rs. 5
} per show. | In addition to the entertainment tax a Cinema show tax is levied in the case of cinematograph exhibitions ; |
| (b) Where population is 25,000 to 50,000. | } Rs. 3
} per show. | (a) Exhibitions held in Hyderabad } Rs. 3
and Secunderabad cities and } per
Municipalities where popu- } show
lation is 30,000 and above. } |
| (c) In all other places and touring talkies in all places. | } Rs. 2
} per show. | (b) Exhibitions in towns with po- } Rs. 2
pulation between 25,000 and } per
50,000. } |
| | | (c) Exhibitions held in other towns } Re. 1
and touring cinemas in all } per
towns. } |

*These rates are applicable both for Andhra and Telangana regions.

HYDERABAD HORSE RACING AND BETTING TAX

<i>Particulars</i>	RATES IN	
	1956-57	1960-61
1. Race Tax .. ..	.. 25 % of entrance fee	} The same as in 1956-57
2. Totalisator Tax .. .	.. 5 % of investment with totalisators.	
3. Betting Tax .. .	.. 10 % of investment with book makers.	

ELECTRICITY DUTIES IN 1960-61

Particulars	Rate	Exemptions
(1)	(2)	(3)
1. Energy sold by the licensee, on the volume of sales during the previous month, the price of which exceeds annas 2.	Rs. 0.03 per unit.	(1) Sales of energy to Central Government or to Railways.
2. Energy consumed by licensee during the previous month for purposes other than construction etc. of his electrical undertaking, which could have been sold at more than annas 2 per unit.	Rs. 0.03 per unit.	(2) All sales of energy of the total sales of a licensee in the previous month did not exceed 16,666 units. (But it is dutiable if the total sales in that year exceeds 200,000 units).

NOTE :—Where a licensee holds more than one licence duty shall be calculated separately in respect of each licence.

MOTOR VEHICLES TAX

QUARTERLY RATES IN 1956-57 AND 60-61						
Sl. No.	Particulars	For vehicles fitted with pneumatic tyres		For other vehicles		Remarks
		Rs.	As. Ps.	Rs.	As Ps.	
(1)	(2)	(3)		(4)		(5)
ANDHRA.						
1.	Motor Cycles not exceeding 8 Cwts. unladen weight :—					
	(a) Below 3½ horse power if not used for drawing a trailer or side car.	9	0 0	12	0 0	
	(b) Below 3½ horse power if not used for drawing a trailer or side car and above 3½ horse power whether or not used for drawing a trailer or side car	12	0 0	15	0 0	
	(c) Tricycles	12	0 0	15	0 0	
2.	Goods vehicles (Laden weight)					
	(a) Dot Motor cycles trucks not exceeding 650 lbs. ..	33	0 0	43	0 0	Levied only in 1960-61.
	(b) Vehicles not exceeding 20 cwts. ..	67	0 0	100	0 0	
	(c) Exceeding 20 Cwt. but not exceeding 30 Cwts. ..	133	0 0	200	0 0	
	(d) „ 30 Cwt. do 45 Cwts. ..	160	0 0	240	0 0	
	(e) „ 45 Cwt. do 60 Cwts. ..	200	0 0	300	0 0	

(f)	"	60 Cwt.	do	85 Cwts.	..	240 0 0	360 0 0
(g)	"	85 Cwt.	do	110 Cwts.	..	293 0 0	440 0 0
(h)	"	110 Cwt.	do	150 Cwts.	..	360 0 0	540 0 0
(i)	"	150 Cwt.	do	180 Cwts.	..	427 0 0	640 0 0
(j)	"	180 Cwt.			..	467 0 0	700 0 0
(k) Additional tax on goods, vehicles used for drawing trailers :—							

(i) for each trailer not exceeding 20 Cwt. .. 27 0 0 40 0 0

(ii) For each trailer exceeding 20 Cwts but not exceeding 60 Cwts. .. 100 0 0 150 0 0

(iii) For each trailer exceeding 60 Cwts. (two or more Vehicles not to be charged in respect of the same trailer) .. 200 0 0 300 0 0

3. Motor vehicles plying for hire and used for transport of passengers :—

(i) Vehicles permitted to carry in all :—

(a) not more than 3 persons ..	30 0 0	45 0 0
(b) more than 3 but not more than 5 persons ..	75 0 0	113 0 0

(ii) Vehicles permitted to carry more than 5 persons and plying exclusively within the limits of Municipalities governed by the Madras District Municipalities Act, 1920 :—

(a) for every seated passenger (other than the driver and the conductor) which the vehicle is permitted to carry. ..	23 0 0	35 0 0
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MOTOR VEHICLES TAX—(contd.).

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(1)	(2)	(3)	(4)	(5)
(b) for every passenger (other than the seated passenger, the driver or the conductor) which the vehicle is permitted to carry	5 11 0	8 8 0	
(iii) Vehicles permitted to carry more than 5 persons and not plying in the routes aforesaid :—				
(a) for every seated passenger (other than the driver and the conductor) which the vehicle is permitted to carry	30 0 0	45 0 0	
(b) for every passenger (other than the seated passenger, or the driver or the conductor) which the vehicle is permitted to carry	10 0 0	15 0 0	
4. Motor vehicles owned by or on behalf of the State Government plying for hire and used for the transport of passengers :—				
Vehicles intended to carry more than 5 persons :—				
(a) for every seated passenger (other than the driver and the conductor) which the vehicle is intended to carry	30 0 0	45 0 0	
(b) for every passenger (other than the seated passenger, driver or the conductor) which the vehicle is intended to carry	10 0 0	15 0 0	

5. Motor cars and other vehicles (other than fire engines, fire tenders, road water sprinklers and haulage vehicles) :—

Unladen weights :—

(a) weighing not more than 15 Cwts. ...	21 0 0	30 0 0
(b) more than 15 Cwts. but not more than 30 Cwts. ..	30 0 0	45 0 0
(c) more than 30 Cwts. but not more than 45 Cwts. ..	39 0 0	60 0 0
(d) more than 45 Cwts. but not more than 60 Cwts. ..	48 0 0	72 0 0
(e) weighing more than 60 Cwts. ..	60 0 0	90 0 0

(f) Additional tax payable in respect of such vehicles used for drawing trailers.

(i) for each trailer not exceeding 20 Cwts. ..	12 0 0	18 0 0
(ii) for each trailer exceeding 20 Cwts. ..	24 0 0	36 0 0

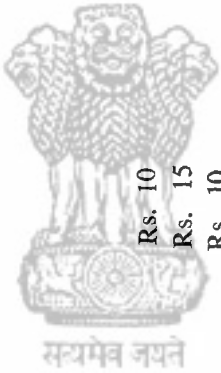
6. Fire engines, fire tenders and road water sprinklers (laden weight) :—

(a) not exceeding 20 Cwt., in weight, laden. ..	20 0 0	30 0 0
(b) Exceeding 20 Cwts. but not exceeding 30 Cwts. in weight laden ..	30 0 0	45 0 0
(c) " 30 Cwts. do 45 Cwts. do ..	40 0 0	60 0 0
(d) " 45 Cwts. do 60 Cwts. do ..	50 0 0	75 0 0
(e) " 60 Cwts. do 80 Cwts. do ..	60 0 0	90 0 0
(f) " 80 Cwts. do 110 Cwts. do ..	75 0 0	112 0 0
(g) " 110 Cwts. do 150 Cwts. do ..	90 0 0	135 0 0

MOTOR VEHICLES TAX—(contd.).

(1)	(2)	(3)	(4)	(5)
(h)	Exceeding 150 Cwts. but not exceeding 180 Cwts. in weight laden. 	110 0 0	165 0 0	
(i)	„ 180 Cwts.	120 0 0	180 0 0	
(j)	Additional tax payable in respect of such vehicles used for drawing trailers including fire engines trailer pumps :—			
(i)	For each trailer not exceeding 20 Cwts. in weight, laden	15 0 0	22 8 0	More than one vehicle shall not be charged for the same trailer.
(ii)	For each trailer exceeding 20 Cwts. but not exceeding 30 Cwts. in weight, laden 	20 0 0	30 0 0	
(iii)	For each trailer exceeding 30 Cwts. but not exceeding 45 Cwts. in each weight laden 	25 0 0	37 8 0	
(iv)	For each trailer exceeding 45 Cwts. in weight, laden ..	40 0 0	60 0 0	
7.	Motor vehicles not themselves constructed to carry any load (other than water, fuel accumulators and other equipment used for the purpose of propulsion, loose tools and loose equipment) used for the haulage solely and weighing together with the largest number of trailer proposed to be drawn :—			
	Laden weight :—			
(a)	Not more than 80 Cwts. 	50 0 0	75 0 0	
(b)	More than 80 Cwts. but not more than 120 Cwts.	120 0 0	180 0 0	
(c)	More than 120 Cwts. 	270 0 0	405 0 0	
8.	Invalid carriages 	7 8 0	10 0 0	Levied only in 1960-61.

MOTOR VEHICLES TAX—(contd.).

Sl. No.	Particulars	RATES OF ANNUAL TAX IN				Remarks.
		1956-57		1960-61		
(1)	(2)	(3)		(4)		(5)
TELENGANA						
						
1.	Taxes on vehicles using petroleum product other than Diesel Oil as fuel:—					
1.	Motor Cycles.					
	(a) Two wheeler	Rs. 10	Rs. 15	Rs. 15		
	(b) Two wheeler with trailer	Rs. 15	Rs. 15	Rs. 22.50		
	(c) Two wheeler with side car	Rs. 10	Rs. 10	Rs. 15.00		
	(d) Tricycles without body and roof	Rs. 15	Rs. 15	Rs. 22.50		
1.—A.	Invalid carriages	Rs. 20.00	Rs. 20.00	Rs. 20.00		
2.	Goods Vehicles					
	Registered laden weight					
	(a) not exceeding 1000 lbs.	Rs. 50	Rs. 50	Rs. 62.50		
	(b) exceeding 1000 lbs. but not exceeding 4000 lbs.	Rs. 6	Rs. 6	Rs. 75	Plus Rs. 10 for every additional 5000 lbs. or part thereof.	Plus Rs. 12.50 for every additional 500 lbs. or part thereof.

MOTOR VEHICLE TAX--(Contd.)

(1)	(2)	(3)	(4)	(5)
(c) exceeding 4000 lbs. but not exceeding 8000 lbs.		Rs. 125 Plus Rs. 10 for every additional 500 lbs. or part thereof.	Rs. 156.25 Plus Rs. 12.50 for every additional 500 lbs or part thereof.	
(d) exceeding 8000 lbs. but not exceeding 18000 lbs.	..	Rs. 200 do	Rs. 250 do	
(e) exceeding 18000 lbs.	..	Rs. 400 do	Rs. 500 do	
N.B.—(Trailors for carrying goods whether attached to Motor cars or transport vehicles are charged on registered laden weight).				
3. Public Service Vehicles				
(A) Motor Cabs (with seating capacity less than four or with seating capacity for four but unladen weight below 2,500 lbs)				
(a) three wheelers	..	Rs. 40	Rs. 50	
(b) four wheelers	..	Rs. 50	Rs. 66.67	
(B) Passenger vehicles including stage carriages and contract carriages whose licensed capacity including standing passengers but excluding driver and conductor is :—				
(i) 4 persons	..	Rs. 60	Rs. 80	
(ii) exceeding 4 persons but not 6	..	Rs. 60 Plus Rs. 10 for every additional person.	Rs. 80 Plus Rs. 13.34 for every additional person.	

(iii) exceeding 6 persons but not 8	..	Rs. 75 Plus Rs. 12 for every additional person.	(a) Rs. 225 Plus Rs. 36 for every additional person when used on P.W.D. Roads. (b) Rs. 150 plus Rs. 24 for every additional person when used on other roads.
(iv) exceeding 8 persons but not 26	..	Rs. 100 do	(a) Rs. 300 plus Rs. 36 for every additional person when used on P.W.D. Roads. (b) Rs. 200 plus Rs. 24 for every additional person when used on other roads.
(v) exceeding 26 persons but not 32	..	Rs. 300 do	(a) Rs. 960 plus Rs. 36 for every additional person when used on P.W.D. Roads. (b) Rs. 640 plus Rs. 24 for every additional person when used on other roads.
(vi) exceeding 32 persons	..	Rs. 300 do	(a) Rs. 1,200 plus Rs. 36 for every additional person when used on P.W.D. Roads. (b) Rs. 800 plus Rs. 24 for every additional person when used on other roads.

4. Motor cars and other vehicles registered unladen weight :—

(i) not exceeding 2000 lbs.	..	Rs. 5 per every 500 lbs or part thereof.	(a) Rs. 7.50 for every 500 lbs or part thereof for motor cars. (b) Rs. 6.25 for every 500 lbs or part thereof for tractors.
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MOTOR VEHICLES TAX—(Contd.)

(1)	(2)	(3)	(4)	(5)
(ii)	exceeding 2000 lbs. but not 3000 lbs. . .	Rs. 20 plus Rs. 2 for every additional 500 lbs or part thereof.	(a) Rs. 30 plus Rs. 3 for every additional 500 lbs. or part thereof for cars. (b) Rs. 25 plus Rs. 2.50 for every additional 500 lbs. or part thereof for tractors.	
(iii)	exceeding 3000 lbs. . .	Rs. 40 plus Rs. 2 for every additional 500 lbs. or part thereof.	(a) Rs. 60 plus Rs. 3 for every additional 500 lbs or part thereof for cars. (b) Rs. 50 plus Rs. 2.50 for every additional 500 lbs. or part thereof for tractors.	

NOTE.—On vehicles using any other kind of fuel, a surcharge is levied at the rate of Rs. 25 on Goods vehicles and Rs. 50 on stage carriages. No surcharge on other vehicles.

The above taxation rates are for Motor Vehicles fitted with pneumatic tyres. 50 % higher taxation shall be paid for vehicles not fitted with pneumatic tyres.

TAX ON PASSENGERS, LUGGAGE AND GOODS

RATE OF TAX				
Sl. No.	Particulars	(same rate in 1956-57 and 1960-61)	Exemptions	Remarks
(1)	(2)	(3)	(4)	(5)
1.	Stage carriages	<p>.. First method—(based on daily collection) :— 0.20 n.p. per Rupee on the fares and freights collected by operators.</p> <p>Second method.—Rs. 1.40 per seat per mile of total mileage permitted, or at the option of the operator Rs. 50 per seat per quarter.</p>	Stage carriages of Telangana.	The tax payer has option to pay tax by any one of the methods.
2.	Public Carrier vehicles ..	First method.—0.06 Np. per Rupee on the freights collected by operator.	..	do
		Second method.—Rs. 45 per month.		


RATE OF EXCISE (ABKARD) DUTIES

(THIS APPLIES TO TELANGANA ONLY)

Particulars	RATES OF DUTY IN		EXEMPTIONS AND CONCESSIONS
	1956-57	1960-61	
(1)	(2)	(3)	(4)
1. Country liquor	.. No general rate specified.	General rate { Rs. 17.20 per Gallon Reduced rate for forest and border areas. } Rs. 2.60 per Gallon	Foreign liquor manufactured in Government distilleries of the State and supplied to Military personnel is taxed at half duties.
2. Gulmohwa liquor	.. Rs. 17-3-0 per London Proof Gallon.	..	
3. Speical Liquor	.. Rs. 70 per London Proof Gallon.	..	
4. Country liquor manufactured in same manner as foreign liquor.	..	Rs. 70 per London Proof Gallon.	
5. State Liquor made in the same manner as foreign liquor.	..	Rs. 70 per London Proof Gallon.	
6. Indian made Beer	..	Rs. 2.25 per Imperial Gallon.	
7. Spirits contained in medicinal preparations (used for medicinal purposes only).	..	Rs. 5 per London Proof Gallon.	

8.	Spirits contained in medicinal preparations (when used for purposes other than medical).	..	Rs. 17.50 per London Proof Gallon
9.	Sendhi	.. .. Rs. 6-8-0 per tree.	General Rate Rs. 6.52 per tree. Reduced rate } for forest and } Rs. 4 per tree. border areas }
10.	Toddy	.. .. Rs. 7-12-0 per tree.	General rate Rs. 7.76 per tree. Reduced rate } for forest and } Rs. 4 per tree. border areas }
11.	Date Palm	.. ..	General Rate Rs. 13 per tree Reduced rate } for forest } Rs. 8 per tree. areas }
12.	Opium	.. .. Rs. 175-0-0 per seer.	Rs. 175 per seer.
13.	Ganja	.. .. Rs. 82-0-0 per seer.	Rs. 82 per seer.
14.	Bhang	.. .. Rs. 41-0-0 per seer.	Rs. 41 per seer.
15.	Liquors (Imported)	.. .. Rs. 18 per gallon.	Rs. 18 per gallon.
16.	Wine	.. .. Rs. 18 per gallon	Rs. 4.50 per gallon.
17.	Beer	.. .. Rs. 18 per gallon.	Rs. 3 per gallon.
18.	Denatured and methylated spirits	.. .. Re. 1 per gallon.	Re. 1 per gallon.

RATE OF EXCISE (ABKARD) DUTIES—(contd.).

(1)	(2)	(3)	(4)
DUTIES AND LICENCE FEES UNDER THE MEDICINAL AND TOILET PERPARATIONS ACT, 1953 :— (APPLIES TO THE WHOLE OF ANDHRA PRADESH) :			
Licences			
L. 1. Manufacture of Medicinal and Toilet preparations containing alcohol, opium, Indian Hemp and other Narcotic Drugs and Narcotics under bond for payment of duty :			
(i) Where consumption of a alcohol is less than 850 London Proof Gallons per annum.		Rs. 100.	
(ii) Where consumption of alcohol is 850 London Proof Gallons or more per annum.	..	Rs. 200.	
L. 2. Manufacture of Medicinal and Toilet preparations containing alcohol, Opium, Indian Hemp & Other Narcotic Drugs and Narcotic purchased at prescribed rates of duty or fee of duty.			
(i) Where consumption of alcohol is 24 London Proof gallons or less per annum.	..	Rs. 10.	

Rs. 25.

(ii) Where consumption of alcohol is more than 24 London Proof Gallons but less than 100 London Proof Gallons per annum.

Rs. 200.

(iii) Where consumption of alcohol is 100 London Proof gallons or more per annum.

L. 3. Manufacture of Ayurvedic Preparations :

- (i) By Ayurvedic practitioners for dispensing for the case of their patients and not for sale of general public
- (ii) In other cases
- (iii) Bonded Warehouses



Rs. 1.

Rs. 25.

Rs. 25.

Duties.

Description of Dutiable Goods.

Rate of Duty

1. Medicinal and toilet preparations containing alcohol which are prepared by distillation or to which alcohol has been added and which are capable of being consumed as ordinary alcoholic beverages.

Rs. 17-8-0 per London Proof gallon.

RATE OF EXCISE (ABKARI) DUTIES—(Contd.)

(1)	(2)	(3)	(4)
2. Medicinal and toilet preparations not otherwise specified containing alcohol.	Exemptions from duty on Medical preparations for Government and Charitable institution ;
(i) Ayurvedic preparations containing self-generated alcohol, which are not capable of being consumed as ordinary alcoholic beverages.	No duty shall be collected on Medicinal preparations containing alcohol manufactured in India and supplied direct from bonded factories or warehouses to the following institutions.
(ii) Ayurvedic preparations containing self-generated alcohol which are capable of being consumed as ordinary alcoholic beverages.	..	Rs. 3 per gallon	(i) Hospitals and dispensaries working under the supervision of the Central or State Government.
(iii) All others	..	Rs. 5 per gallon	(ii) Hospitals and dispensaries subsidised by the Central or State Government.
3. Medicinal & Toilet preparations not containing alcohol but containing opium, Indian hemp and other Narcotic drugs.	(iii) Charitable hospitals and dispensaries under the administrative control and management of local bodies ; and

4. Special Homeo preparations containing alcohol and are capable of being consumed as ordinary alcoholic beverages.

Rs. 17-8-0
per gallon

- (iv) Every other institution certified by the principal Medical Officer of the district in which such institution is situated as supplying medicines free to the poor.

Distillery

Licence Fee for Distillery

Rs. 100 per year.



RATES OF STAMP

Sl. No.	Particulars	Andhra Rates Rs. As. Ps.		
(1)	(2)	(3)		
1.	Acknowledgment of debt exceeding Rs. 20 but not containing any promise to pay debt or interest ..	0	1	0
2.	Administration bond including a bond given under the Indian Succession Act			
	(a) Where the amount does not exceed Rs. 1,000 ..	5	0	0
	(b) In all other cases ..	5	0	0
3.	Adoption deed ..	10	0	0
4.	Affidavit ..	1	0	0
5.	Agreement or Memorandum of Agreement ..			
	(1) If relating to sale of bill of exchange ..	0	2	0
	(2) Relating to sale of Government security or shares of companies.	Subject to a maximum of Rs. 10, one anna for every Rs. 10,000 or part thereof of the value of the share or security.		

DUTY AND EXEMPTIONS.

RATES OF DUTIES AND EXEMPTIONS IN				
1956-57			1960-61	
Exemptions	Telangana Rates Rs. As. P.	Exemptions	Andhra Pradesh Rates Rs. np.	Exemptions
(4)	(5)	(6)	(7)	(8)
..	0 1 6	..	0.10	..
..	11 4 0	..	11.25	..
..	15 0 0	..	15.00	..
..	22 8 0	..	22.00	..
(i) Affidavits for enrolling in the Indian Army or Air Force.	3 0 0	The same as under Col. (4)	3.00	The same as under Col. (4)
(ii) Affidavits for filing in a court.				
(iii) Affidavits made for the sole purpose of enabling any one to receive pensions or charitable allowance.				
(i) Agreements relating to sale of goods only.				
(ii) Those made in the form of tenders to the Central Govt. for or relating to any loan.	0 6 0	..	0.40	The same as under Col. (4)
..	Subject to a maximum of Rs. 30, 0-3-0 for every Rs. 10,000 or part thereof the value.	..	Subject to a maximum of Rs. 30, 0.20 np. for every Rs. 10,000 or part thereof the value.	..

RATES OF STAMP

(1)	(2)	(3)
(3) If not otherwise provided for	0 8 0
6. Agreement relating to deposit of title deeds or pledge : --		..
(a) Where the debt is repayable on demand or more than three months from the date of agreement		The same duty as a bill of exchange (Item 5-b) for the amount secured.



DUTY AND EXEMPTIONS—(Contd.)

(4)	(5)	(6)	(7)	(8)	(9)	(10)
..	1 8 0	..	1.50	..		

Column. 5

Instrument of pawn or pledge of goods, if attested.	<i>If drawn singly</i>	<i>If drawn in a set of two for each part of set</i>	<i>If drawn in a set of three for each part thereof</i>	<i>If drawn singly</i>	<i>If drawn in a set of two for each part</i>	<i>If drawn in a set of three for each part thereof</i>
---	------------------------	--	---	------------------------	---	---

(In Rs. As. and Ps.)

(In Rs. and np.)

(i) When the amount or debt does not exceed Rs. 200.	0	9	0	0	6	0	0	3	0	0.60	0.40	0.20
(ii) When it exceeds Rs. 200 but does not exceed Rs. 400	1	2	0	0	9	0	0	6	0	1.15	0.60	0.40

Between :

Rs. 400 and Rs. 600	1	11	0	0	15	0	0	9	0	1.70	0.95	0.60
„ 600 „ 800	2	4	0	1	2	0	0	12	0	2.25	1.15	0.75
„ 800 „ 1,000	2	13	0	1	8	0	0	15	0	2.85	1.50	0.95
„ 1,000 „ 1,200	3	6	0	1	11	0	1	2	0	3.40	1.70	1.15
„ 1,200 „ 1,600	4	8	0	2	4	0	1	8	0	4.50	2.25	1.50
„ 1,600 „ 2,500	6	12	0	3	6	0	2	4	0	6.75	3.40	2.25
„ 2,500 „ 5,000	13	8	0	6	12	0	4	8	0	13.50	6.75	4.50
„ 5,000 „ 7,500	20	4	0	10	2	0	6	12	0	20.25	10.15	6.75
„ 7,500 „ 10,000	27	0	0	13	8	0	9	0	0	27.00	13.50	9.00
„ 10,000 „ 15,000	40	8	0	20	4	0	13	8	0	40.50	20.25	13.50
„ 15,000 „ 20,000	54	0	0	27	0	0	18	0	0	54.00	27.00	18.00
„ 20,000 „ 25,000	67	8	0	33	12	0	22	8	0	67.50	33.75	22.50
„ 25,000 „ 30,000	81	0	0	40	8	0	27	0	0	81.00	40.50	27.00

For every additional Rs. 10,000 or part thereof	27	0	0	13	8	0	9	0	0	27.00	13.50	9.00
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RATES OF STAMP

(1)	(2)	(3)
(b) If such loan or debt is repayable not more than three months from the date of such instrument ..		
7.	Appointment in execution of a power where made by any writing not being a will	15 0 0
8.	Appraisement or valuation made otherwise than under an order of the court in the course of a suit ..	Exemptions:—
	(a) where the amount does not exceed Rs. 1,000 ..	The same duty as for bond, item 13 below.
	(b) In all other cases	5 0 0
9.	Apprenticeship Deed not being Articles of clerkship ..	5 0 0
10.	Articles of association of a company	25 0 0
11.	Articles of Clerkship of contract to serve as a clerk in order to his admission as an Attorney in the High Court	250 0 0
12.	Award by an arbitrator or umpire, not being one for directing on a partition reference made otherwise than by a court in course of suit	
	(a) Where the amount or value of the property does not exceed Rs. 1,000	} The same as for item 13 below.
	(b) If it exceeds Rs. 1,000	
	(c) If it exceeds Rs. 5,000 for every additional Rs. 1,000 ..	
13.	Bond (not being a debenture or otherwise provided for by this Act or the Andhra Court fees and suits valuation Act)	
	(i) Where the amount or value secured does not exceed Rs. 10	0 2 0
	(ii) Where it exceeds Rs. 10 but does not exceed Rs. 50	0 4 0
	(iii) Where it exceeds Rs. 50 but does not exceed Rs. 100	0 8 0

DUTIES AND EXEMPTIONS—(contd.).

(4)	(5)	(6)	(7)	(8)
Half of the rates prescribed under 6-a-(i)				
..	..	..	37.50	..
(i) Appraisement or valuation made for information of one part only.				
(ii) Appraisement of crops for ascertaining the rent payable.				
..	..	..	The same duty as per item 14 below :	..
..	..	..	15.00	..
Instruments executed by a magistrate under the Apprentices Act, 1850 or by which a person is apprenticed by or to a charity.	..	..	7.50	..
Association not formed for profit.	..	..	100.00	As under Col. (4)
..	..	..	375.00	..
..	..	..	The same as for item 14 below.	..
..	..	..	20.00	..
..	..	..	1.00 Subject to a maximum of Rs. 100.	..
Exemption :—Bond executed by any person for the purpose of guaranteeing that the total income derived by any charitable dispensary or any other object of public utility shall not be less than a specified sum per month.				
..	0 4 0	..	0.25	..
..	0 8 0	..	0.50	..
..	1 0 0	..	1.00	..

RATES OF STAMP

(1)	(2)	(3)
(iv) Where it exceeds Rs. 100 but does not exceed Rs. 200		1 0 0
(v) Where it exceeds Rs. 200 but does not exceed Rs. 300		1 8 0
(vi) Where it exceeds Rs. 300 but does not exceed Rs. 400		2 0 0
(vii) Where it exceeds Rs. 400 but does not exceed Rs. 500		2 8 0
(viii) Where it exceeds Rs. 500 but does not exceed Rs. 600		3 0 0
(ix) Where it exceeds Rs. 600 but does not exceed Rs. 700		3 8 0
(x) Where it exceeds Rs. 700 but does not exceed Rs. 800		4 0 0
(xi) Where it exceeds Rs. 800 but does not exceed Rs. 900		4 8 0
(xii) Where it exceeds Rs. 900 but does not exceed Rs. 1,000		5 0 0
(xiii) and for every additional Rs. 500 or part thereof in excess of Rs. 1,000		2 8 0
14. Bottomry Bond, that is to say, any instrument whereby the master of a sea going ship borrows money on the security of the ship to enable him to preserve the ship or prosecute her journey .. }		
(i) Where amount or value secured does not exceed Rs. 10		0 2 0
(ii) Where it exceeds Rs. 10 and does not exceed Rs. 50		0 4 0
(iii) Where it exceeds Rs. 50 and does not exceed Rs. 100		0 8 0
(iv) Where it exceeds Rs. 100 and does not exceed Rs. 200		1 0 0
(v) Where it exceeds Rs. 200 and does not exceed Rs. 300		1 8 0
(vi) Where it exceeds Rs. 300 and does not exceed Rs. 400		2 0 0

DUTY AND EXEMPTIONS—(Contd.).

(4)	(5)	(6)	(7)	(8)
..	2 8 0	..	2.50	..
..	3 12 0	..	3.75	..
..	5 0 0	..	5.00	..
..	6 4 0	..	6.25	..
..	9 8 0	..	9.00	..
..	10 8 0	..	10.50	..
..	12 0 0	..	12.00	..
..	13 8 0	..	13.50	..
..	15 0 0	..	15.00	..
..	7 8 0	..	7.50	..
..	..	..	0.40	..
..	..	..	0.75	..
..	..	..	1.50	..
..	..	..	3.00	..
..	..	..	4.50	..
..	..	..	6.00	..

RATES OF STAMP

(1)	(2)	(3)
(vii) Where it exceeds Rs. 400 and does not exceed Rs. 500		2 8 0
(viii) Where it exceeds Rs. 500 and does not exceed Rs. 600		3 0 0
(ix) Where it exceeds Rs. 600 and does not exceed Rs. 700		3 8 0
(x) Where it exceeds Rs. 700 and does not exceed Rs. 800		4 0 0
(xi) Where it exceeds Rs. 800 and does not exceed Rs. 900		4 8 0
(xii) Where it exceeds Rs. 900 and does not exceed Rs. 1,000		5 0 0
(xiii) Every Rs. 500 or part thereof in excess of Rs. 1,000		2 8 0
15. Cancellation		5 0 0
16. Certificate of sale granted to the purchaser of any property sold by public auction by civil or revenue court or Collector or Revenue Officer ..		
(a) Where the purchase money does not exceed Rs. 10		0 2 0
(b) Where the purchase money exceeds Rs. 10 but does not exceed Rs. 25		0 4 0
(c) In any other case		
17. Certificate evidencing right of holder to share of stock of company		0 2 0
18. Charter party instrument (except an agreement for the hire of a big steamer) whereby a vessel or part thereof is at for the specified purpose of the charterer }		1 0 0
19. Composition deed executed between a bankrupt and creditors		10 0 0
20. Conveyance, not being a transfer charged or exempted under item 53 below :—		
(i) Where the amount or value of the consideration for the conveyance does not exceed Rs. 50		0 8 0
(ii) Where it exceeds Rs. 50 but does not exceed Rs. 100		1 0 0
(iii) Where it exceeds Rs. 100 but does not exceed Rs. 200		2 0 0

DUTY AND EXEMPTIONS—(contd.).

(4)	(5)	(6)	(7)	(8)
..	..	..	7.50	..
..	..	..	9.00	..
..	..	..	10.50	..
..	..	..	12.00	..
..	..	..	13.50	..
..	..	..	15.00	..
..	..	..	7.50	..
..	15 0 0	..	15.00	..
..	0 6 0	..	0.40	..
..	0 12 0	..	0.75	..

The same duty as for conveyance (item 20 below) for a consideration equal to the amount of purchase money.

..	0 3 0	..	0.20	..
..	..	..	3.00	..
..	22 8 0	..	22.50	..

-----Exemption : Assignment of Copyright.-----

..	1 8 0	..	1.50	..
..	3 0 0	..	3.00	..
..	6 0 0	..	6.00	..

(1)	(2)	(3)
(iv) Where it exceeds Rs. 200 but does not exceed	Rs. 300	3 0 0
(v) Where it exceeds Rs. 300 but does not exceed	Rs. 400	4 0 0
(vi) Where it exceeds Rs. 400 but does not exceed	Rs. 500	5 0 0
(vii) Where it exceeds Rs. 500 but does not exceed	Rs. 600	6 0 0
(viii) Where it exceeds Rs. 600 but does not exceed	Rs. 700	7 0 0
(ix) Where it exceeds Rs. 700 but does not exceed	Rs. 800	8 0 0
(x) Where it exceeds Rs. 800 but does not exceed	Rs. 900	9 0 0
(xi) Where it exceeds Rs. 900 but does not exceed	Rs. 1,000	10 0 0
(xii) And for every additional Rs. 500 or part thereof in excess of Rs. 1,000		5 0 0
21. Copy or extract not chargeable under the law relating to Court fees		
(i) If the original is charged nil or less than Re. 1	..	0 8 0
(ii) In any other case :	..	1 0 0
22. Counterpart or duplicate chargeable with duty and where duty has been paid		
(i) If the duty on original instrument does not exceed Re. 1		} Same duty as paya- ble on original.
(ii) In any other case	.. ..	1 0 0
(iii) If the duty on original does not exceed Rs. 3	..	..
(iv) In any other case	.. ..	..
23. Customs Bond :		
(i) Where the amount does not exceed Rs. 1,000	..	Same as for a bond (item 13) for such amount.
(ii) Any other case.	.. ..	5 0 0
24. Delivery order in respect of goods	..	0 1 0
25. Divorce :	.. ..	1 0 0

DUTY AND EXEMPTIONS—(Contd.)

(4)	(5)	(6)	(7)	(8)
..	9 0 0	..	9.00	..
..	12 0 0	..	12.00	..
..	15 0 0	..	15.00	..
..	18 0 0	..	18.00	..
..	21 0 0	..	21.00	..
..	24 0 0	..	24.00	..
..	27 0 0	..	27.00	..
..	30 0 0	..	30.00	..
..	15 0 0	..	15.00	..
<i>Exemptions :</i> (i) Copy of paper which a public officer is required to furnish for public purpose.				
(ii) Copy or extract from Registers regarding births and deaths etc ;				
..	..	..	1.50	..
..	..	..	3.00	..
<i>Exemption :</i> Counterpart of lease granted to cultivator when such lease is exempt.				
..	..	..	[as below (iii) and (iv).]	..
..
..	..	..	Same as paybale on original.	..
..	..	..	3.00	..
..	..	..	The same as for Bottomry Bond (item 14).	..
..	..	..	20.00	..
..	..	..	0.10	..
..	3 0 0	..	3.00	..

RATES OF STAMP

(1)	(2)	(3)
26.	Entry as an Advocate or Attorney on the roll of the High Court ..	
	(i) Advocate :	
	(a) If previously enrolled Attorney	500 0 0
	(b) if not	
	(ii) Attorney	250 0 0
27.	Exchange of property	Same duty as conveyance (Item 20).
28.	Further charge on mortgaged property.	
	(a) When possession of the property is given or agreed to be given by the mortgagor.	The same duty as a conveyance (item 20).
	(b) When possession is not given or agreed to be given:—	
	(i) If at the time of execution of the instrument of further charge possession of the property is given or agreed to be given under such an instrument	The same duty as conveyance (item 20) less the duty already paid on such original mortgage and further charge.
	(ii) If possession is not so given	
29.	Gifts not being a settlement or will or Transfer	The same duty as a conveyance (item 20 above) for the value of the gift.
30.	Indemnity Bond	The same duty as a security Bond (item 48 below) for the same amount.
31.	Lease including an under-lease or sub-lease and any agreement to let or sub-let.	

DUTY AND EXEMPTIONS—(Contd.).

(4)	(5)	(6)	(7)	(8)
Exemptions :— (i) Entry if previously enrolled as Vakil or Advocate in this or any other court (ii) if previously enrolled as Advocate or Vakil in this court or as either or Attorney in any other Court.				
..	312.50	..
..	625.00	..
..	312.50	..
..	Same duty as a conveyance for the value of property of greatest value set forth in the documents.	..	Same duty as for conveyance (item 20)	..
..	The same as a conveyance (item 20).	..
..	The same duty as conveyance (item 20) less the duty already paid on such original mortgage and further charge.	..
..	The same duty as a Bottomry Bond (item 14 above) for the amount of the further charge.	..
..	The same duty as a conveyance (item 20 above) for the value of the gift.	..
..	The same duty as a security Bond (item 48 below) for the same amount.	..

Exemption :—Lease executed in the case of a cultivator and for the purposes of cultivation, when a definite term is expressed and such term does not exceed one year or when the average annual rent does not exceed Rs. 100.

(1)	(2)	(3)
(a) Where by such lease the rent is fixed and no premium is paid or delivered		
(i) Where the lease is for less than a year	..	The same duty as Bond (item 13 above) for the whole amount payable or deliverable.
(ii) Where the lease is for not less than one year but not more than 3 years	}	The same duty as a Bond (item 13 above) for the amount or value of the average annual rent reserved.
(b) Where the lease is for not less than one year but not more than 5 years.		
(iii) Where the lease is for more than 3 years	}	The same duty as a conveyance (item 20) for the amount or value of the average annual rent.
(iv) Where the lease is for more than 5 years but not more than 10 years		
(v) Where the lease is for more than 10 years but more than 20 years	}	..
(vi) Where the lease is for more than 20 years but not more than 30 years.		
(vii) Where the lease is for more than 30 years but not more than 100 years		..
(viii) Exceeding 100 years or in perpetuity	..	The same duty as a conveyance for 1/5 of the whole amount of rents paid in respect of the first fifty years.
(ix) Where the lease is not for any definite term	..	The same duty as conveyance for the average annual rent for 10 years.

DUTY AND EXEMPTIONS—(contd.).

(4)	(5)	(6)	(7)	(8)
..	The same duty as Bottomry Bond (item 14) for the whole amount payable or deliverable.	..
..	The same duty as a Bottomry Bond (Item 14) for the amount or value of the average annual rent reserved.	..
..
..	The same duty as a conveyance for the amount of the value of the average annual rent reserved.	..
..	The same duty as a conveyance for the amount of the value of the average annual rent reserved.	..
..	Three times the above.	..
..	Four times the above.	..
..	The same as conveyance for 1/6 of the whole amounts of the rents paid in respect of the first fifty years.	..
..	The same as conveyance for 3 times the average annual rent paid for 10 years.	..

(1)	(2)	(3)
(b) Where the lease is granted for a fine or premium, or for money advanced and where no rent is reserved	} The same duty as a conveyance for such fine or premium or advance.	
(c) Where the lease is granted for a fine or premium or for money advanced in addition to rent reserved	} The same duty as a conveyance for such fine or premium or advance in addition to the duty payable on such lease if no fine or premium or advance is paid subject to a maximum of 0-8-0.	
32. Letter of allotment of shares or loans of a Company	0 2 0	
33. Letter of Licence allowing debtor to carry on business at his own discretion	10 0 0	
34. Memorandum of Association of a Company :—		
(a) If accompanied by Articles of Association ..	15 0 0	
(b) If not	40 0 0	
35. Mortgage Deed (not coming under items 6, 14, 36, 47 and 48)		
(a) When possession of the property is given or agreed to be given	} The same duty as a conveyance for the amount secured by such deed.	
(b) When possession is not given or agreed to be given	} The same duty as a Bond for the amount secured.	
(c) When a collateral or auxiliary or additional or substituted security or by way of further assurance for the above mentioned purpose when the principal security is duly stamped :		
(i) For every sum secured not exceeding Rs. 1,000	0 8 0	
(ii) For every additional Rs. 1,000 or part thereof in excess of Rs. 1,000	0 8 0	

DUTY AND EXEMPTIONS—(Contd.)

(4)	(5)	(6)	(7)	(8)
..	..	..	The same duty as conveyance for such fine or premium or advance.	..
..	..	..	-do- in addition to the duty payable on such lease if no fine or premium or advance is paid subject to a maximum of Rs. 1.50.	..
..	..	..	0.20	..
..	..	..	22.50	..
<i>Exemption :—</i> Memorandum of any Company not formed for profit.				
..	60 0 0	..	60.00	..
..	160 0 0	..	160.00	..
<i>Exemptions :—</i> (i) Against advances under the Land Improvement Loans Act or the Agriculturists Loans Act or by their sureties.				
(ii) Letter of hypothecation accompanying a bill of exchange.				
..	The same duty as conveyance.	..	The same duty as conveyance.	..
..	The same duty as a Bond.	..	The same duty as a Bottomry Bond.	..
..	..	..	1.50	..
..	..	..	1.50	..

(1)	(2)	(3)
36. Mortgage of a crop whether the crop is or is not in existence at the time of the deed		
(a) When the loan is repayable in not more than three months :—		
(i) For sums not exceeding Rs. 200 ..		0 1 0
(ii) For every additional Rs. 200 or part in excess of Rs. 200		0 1 0
(b) When the loan is repayable after three months but not after 18 months		
(i) For sums not exceeding Rs. 100 ..		0 2 0
(ii) For every additional Rs. 100		0 2 0
37. Notarial Act signed by a Notary Public not being a protest (item 43 below) :—		1 0 0
38. Note sent by broker to principal intimating sale or purchase for the principal		
(a) Of any goods of value more than Rs. 20 ..		0 2 0
(b) Of any stock or marketable security of value more than Rs. 20		Subject to a maximum of Rs. 10, one anna per every Rs. 10,000 or part thereof the value of stock.
39. Note of protest by the master of ship		0 8 0
40. Partition		The same duty as for a Bond (item 13) for the separated share of property.
41. A. Partnership :—		
(a) Where the capital of the partnership does not exceed Rs. 500		2 8 0
(b) In any other case		10 0 0
B. Dissolution of Partnership		5 0 0

DUTY AND EXEMPTIONS (contd.).

(4)	(5)	(6)	(7)	(8)
..	..	..	0.25	..
..	..	..	0.25	..
..	..	..	0.40	..
..	..	..	0.40	..
..	..	..	2.25	..
..	0 6 0	..	0.40	..
..	Subject to a maximum of Rs. 30, As. 4 for every Rs. 10,000 or part thereof of value of security.	..	Same as under Col. (5).	..
..	..	..	1.00	..
..	The same duty as a Bond for the separated share of property.	..	The same duty as a Bottomry Bond for the separated share of property.	..
..	10 0 0	..	10.00	..
..	40 0 0	..	40.00	..
..	20 0 0	..	20.00	..

(1)	(2)	(3)
42. Power of Attorney (not being proxy) :—		
(a) When it is for the sole purpose of registering one or more documents in relation to a single document or for admitting execution of one or more such documents	0 8 0	
(b) When authorising one or more persons to act in a single transaction other than the case mentioned in (a) above	1 0 0	
(c) When authorising not more than five persons to act jointly and severally in more than one transaction or generally	5 0 0	
(d) When authorising more than 5 but not more than 10 persons to act jointly and severally in more than one transaction or generally ..	10 0 0	
(e) When given for consideration and authorising attorney to sell immovable property	The same duty as a conveyance (item 20) for the amount of the consideration.	
(f) In any other case	1-0-0 per each person authorised.	
43. Protest of bill or note attesting the dishonour of a bill of exchange or Promissory Note by a Notary Public	1 0 0	
44. Protest by the master of a ship that is to say any declaration of her voyage and declaration made against the charters and consigns when such declaration is attested by a Notary public	1 0 0	
45. Reconveyance of mortgaged property :—		
(a) If the consideration for which the property is mortgaged does not exceed Rs. 1,000	The same duty as a conveyance for such consideration.	
(b) In any other case	10 0 0	
46. Release.—Any instrument by which a person renounces a claim upon another person or against any specified property, (not being such a release as provided for under section 23-A.)	(a) If the claim does not exceed Rs. 1,000 .. The same duty as a Bond (item 13) for such amount.	

DUTY AND EXEMPTIONS—(contd.)

(4)	(5)	(6)	(7)	(8)
..	0 12 0	..	0.75	
..	1 8 0	..	1.50	..
..	11 8 0	..	11.50	..
..	22 8 0	..	22.50	..
..	The same duty as a conveyance (item 20) for the amount of the consideration.	..	The same duty as a conveyance (item 20) for the amount of the consideration.	..
..	2-4-0 per each person authorised.	..	2.25 per each person authorised.	..
..	.. सत्यमेव जयते ..	..	2.00	..
..	..	..	2.00	..
..	..	..	The same duty as conveyance for such consideration.	..
..	..	..	10.00	..
..	..	..	The same duty as for a Battomry Bond (item 14) for such amount.	..

RATES OF STAMP

(1)	(2)	(3)
(b) In any other case	.. .. .	5 0 0
47. Respondentia Bond <i>i.e.</i> , any instrument securing a loan on the cargo laden on board a ship and making repayment contingent on the arrival of the cargo at the port of destination.	The same duty as a bond (item 13) for the loan secured.	
48. Security Bond or Mortgage Deed executed by way of security for the due execution of an office or to account for money or property deed by virtue thereof or executed by a surety to secure the due performance of a contract		
(a) When the amount secured does not exceed Rs. 1,000	The same duty as a Bond (item 13) for the amount secured.	
(b) In any other case	.. .. .	5 0 0
49. (A) Settlement (including a deed of dower)	The same duty as a Bond (item 13) for the property settled provided that where the document is duly stamped, the duty shall not exceed 0-8-0.	
(B) Revocation of settlement	.. .. .	The same duty as a Bond (item 13) for the property but not exceeding Rs. 10-0-0.
50. Share warrants to bearers issued under the Companies Act.	1½ times the duty payable on a conveyance (item 20) for nominal amount of the shares specified.	

DUTY AND EXEMPTIONS—(contd.)

(4)	(5)	(6)	(7)	(8)
..	15.00	..
..	The same duty as a Bottomry Bond (item 14) for the loan secured.	..
<p><i>Exemptions :—</i>Bonds when executed by (i) any person for the purpose of guaranteeing that the local donations to a charitable purpose shall not be less than specified sum per month (ii) persons taking advances under the Land Improvement Loans Act or Agriculturists Loans Act or by their sureties as security for payment of such loans (iii) Officers of Government, or their sureties to secure the due execution of an office or the due accounting for money or property record by virtue thereof.</p>				
..	The same duty as a Bottomry Bond (item 14) for the amount secured.	..
..	15.00	..
<p><i>Exemptions :—</i>Deed of a dower at a marriage between Mohammadans.</p>				
..	The same duty as for a Bottomary Bond for the property settled provided that where the document is duly stamped the duty shall not exceed Rs. 1. 50.	..
..	The same duty as a Bottomary Bond (item 13) for the property but not exceeding Rs. 30.	..
<p><i>Exemptions :—</i>Share warrant issued by a company in pursuance of the Companies Act, to have effect only upon payment as composition for that duty, to the collector of stamps revenues of :—(a) $1\frac{1}{2}$ % of the whole subscribed capital of the Company ; or (b) if any Company has paid the duty and composition in full, subsequently issues addition to its subscribed capital $1\frac{1}{2}$ % of the additional capital so issued.</p>				
..	1 $\frac{1}{2}$ times the duty payable on a conveyance (item 20) for the nominal amount of the shares specified.	..

RATES OF STAMP

(1)	(2)	(3)
51. Shipping order relating to conveyance of goods on board a vessel		0 1 0
52. Surrender of lease :—	(a) When the duty on it does not exceed Rs. 5	.. Duty chargeable to such lease.
	(b) In any other case	.. 5 0 0
53. Transfer (whether with or without consideration)	..	
	(a) Of shares of Company	.. 0 12 0
	(b) Of debentures, being marketable securities, whether the debenture is liable to duty or not	} $\frac{1}{2}$ the duty payable on conveyance (item 20) for the face value of debenture.
	(c) Of any interest secured by a bond, mortgage or policy of Insurance	}
	(i) If the duty on such bond etc., does not exceed.	} Rs. 5 the duty chargeable to such document.
	(ii) In any other case	5 0 0
	(d) Of any property under the Administrator General's Act, 1913—Section 25.	10 0 0
	(e) Of any trust property from one trustee to another or to a beneficiary.	} 5-0-0 or such smaller amount chargeable under (a) to (c) above.
54. Transfer of lease by way of assignment but not by way of underlease.	} The same duty as a conveyance (item 20) for the amount of consideration for the transfer.	
55. Trust :—		
	(A) declaration of, or concerning any property when made by writing but not by a will.	} The same duty as a Bond (item 13) for the value of the property as set forth in the document but not exceeding Rs. 15.

DUTY AND EXEMPTIONS—(contd.).

(4)	(5)	(6)	(7)	(8)
..	0.10	..
<i>Exemption</i> :—Surrender of lease when such lease is exempt from duty.				
..	The duty chargeable to such lease when the duty on it does not exceed Rs. 15.	..
..	15.00	..
<i>Exemptions</i> :—Transfers by and on servant --(a) of bill of exchange etc., (b) of bill of lading, delivery order or other mercantile document of title to goods (c) of a policy of insurance (d) of securities of the Central Government.				
..
..	1/2 the duty payable on a conveyance (item 20) for the face value of the debenture.	..
..	Rs. 15 the duty chargeable to such document.	..
..	15.00	..
..	22.50	..
..	Rs. 11-25 or such smaller amount chargeable under (a) to (c) above.	..
Transfer of any lease exempt from duty.	The same duty as a conveyance (item 20) for the amount of consideration for the transfer.	..
..	The same duty as a Bottomry Bond for the value of the property as set forth in the document but not exceeding Rs. 45.	..

(1)	(2)	(3)
(B) Revocation		The same duty as a Bond (No. 13) of the value of the property set forth in the document but not exceeding Rs. 10.
56. Warrant for goods, <i>i.e.</i> , any instrument evidencing title to the goods laying in any dock, warehouse or wharf such instrument being signed or certified by person in custody of such goods.		0 4 0
57. Promissory Notes :—		
(a) When payable on Demand :—		
(i) When the amount or value does not exceeds Rs. 250		0.10
(ii) When the amount or value exceeds Rs. 250 but does not exceed Rs. 1,000		0.15
(iii) In any other case		0.25
(b) When payable otherwise than on demand		The same duty as a bill of exchange (item 13) for the same amount payable otherwise than on demand.
58. Bill of exchange, not being a bond, Bank-note or currency Note		
(a) Where payable otherwise than on demand ..		
(i) Where payable not more than three months after date of sight : if the amount of Bill or Note does not exceed Rs. 500		1.25
If it exceeds Rs. 500 but does not exceed Rs. 1,000		2.50
And for every additional Rs. 1,000 or part thereof in excess of Rs. 1,000		2.50

DUTY AND EXEMPTIONS--(Contd.).

(4)	(5)	(6)	(7)	(8)
..	..	..	The same duty as a Bottamry Bond (item 14) for the property as set forth in the document but not exceeding Rs. 30.	..
..	..	..	0.75	..
..	0 1 0	..	..	..
..	0 2 0	..	..	..
..	0 4 0	..	..	..
..	Same duty as a bill of exchange for the same amount payable not more than one year after the date of sight.		..	..

(a) on demand but not more than one year after date of sight.

		<i>If drawn singly</i>	<i>If drawn in a set of two for each part of the set</i>	<i>If drawn in a set of three for each part of the set</i>
(1)	(2)	(3)	(4)	
If the amount of the Bill or rate does not exceed Rs. 200.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
	0 3 0	0 2 0	0 1 0	
If it exceeds Rs. 200 but does not exceed Rs. 400	0 6 0	0 3 0	0 2 0	
„ Rs. 400	Rs. 600 0 9 0	0 5 0	0 3 0	
„ Rs. 600	Rs. 800 0 12 0	0 6 0	0 4 0	
„ Rs. 800	Rs. 1,000 0 15 0	0 8 0	0 5 0	
„ Rs. 1,000	Rs. 1,200 1 2 0	0 9 0	0 6 0	

(1)	(2)	(3)
(ii) Where payable more than three months but not more than six months after date of sight :-		
If the amount of the Bill or Note does not exceed Rs. 500	}	2-50
If it exceeds Rs. 500 but does not exceed Rs. 1,000		5-00
And for every additional Rs. 1000 or part thereof in		
excess of Rs. 1000		5-00
(iii) Where payable more than six months but not more than nine months after date of sight :-		
If the amount of the Bill or Note does not exceed Rs. 500	}	3-75
If it exceeds Rs. 500 but does not exceed Rs. 1,000 ..		7-50
And for every additional Rs. 1,000 or part thereof in excess of Rs. 1,000	}	7-50
(iv) Where payable more than nine months but not more than one year after date of sight :-		
If the amount of the Bill or Note does not exceed Rs. 500		5-00
If it exceeds Rs. 500 but does not exceed Rs. 1,000 ..		10-00
And for every additional Rs. 1,000 or part thereof in excess of Rs. 1,000	}	10-00
(b) Where payable at more than one year after date of sight		
If the amount of the Bill or Note does not exceed Rs. 500	}	10-00
If it exceeds Rs. 500 but does not exceed Rs. 1,000 ..		20-00
And for every additional Rs. 1,000 or part thereof in excess of Rs. 1,000	}	20-00

(4)	(5)	(6)	(7)	(8)
-----	-----	-----	-----	-----

and for every additional Rs. 10,000 or part thereof in excess of Rs. 30,000	9	0	0	4	8	0	3	0	0
---	---	---	---	---	---	---	---	---	---

(b) Where payable at more than one year after date of sight. } The same duty as a Bond for the same amount.

[illegible]

RATES OF STAMP

(1)	(2)	(3)
59. Apprenticeship deed not being Articles of clerkship (No. 11)	}	5-00
60. Bill of lading (including a through bill of lading.) ..	..	0-25
61. Debenture, (whether a mortgage debenture or not), being a marketable security transferable :—		[N. B. If a bill of lading is drawn in Parts the pro- per Stamp there- for must be borne by each one of the set]
(a) By endorsement or by a separate instrument of transfer where the amount or value does not exceed Rs. 10	}	
Where it exceeds Rs. 10 but does not exceed Rs.	50	0-40
" " 50	100	0-75
" " 100	200	1-50
" " 200	300	2-25
" " 300	400	3-00
" " 400	500	3-75
" " 500	600	4-50
" " 600	700	5-25

DUTY AND EXEMPTIONS—(contd.)

(4)	(5)	(6)	(7)	(8)
-----	-----	-----	-----	-----

Exemptions:—Instruments of apprenticeship executed under the Apprentices Act, or by which a person is apprenticed by or at any public charity.

(a) Bill of lading when goods therein described are received at a place within the limits of any port as defined under the Indian Ports Act, and are to be delivered at another place within the limits of the same port.

(b) Bill of lading when executed out of India and relating to property to be delivered in India.



A debenture issued by an incorporated company or other body corporate in terms of a registered mortgage deed, duly stamped in respect of the full amount of debentures to be issued hereunder, whereby the company or body borrowing makes-over in whole or in part, their property to trustees for the benefit of the debentures holders; provided that the debentures so issued are expressed to be issued in terms of the said mortgage deed.

(Explanation :—The term 'debenture' includes every interest coupon attached thereto but the amount of the coupons shall not be included in estimating the duty).

RATES OF STAMP

(1)	(2)	(3)
Where it exceeds Rs. 700 but does not exceed	Rs. 800	6-00
„ „ 800 „ „	Rs. 900	6-75
„ „ 900 „ „	„ 1,000	7-50
and for every Rs. 500 or part thereof in excess of	Rs. 1,000	3-75

(b) By delivery :—

Where the amount or value of the consideration for such debenture as set-forth therein does not exceed Rs. 50	}	0-75
Where it exceeds Rs. 50 but does not exceed	Rs. 100	1-50
„ „ 100 „ „	„ 200	3-00
„ „ 200 „ „	„ 300	4-50
„ „ 300 „ „	„ 400	6-00
„ „ 400 „ „	„ 500	7-50
„ „ 500 „ „	„ 600	9-00
„ „ 600 „ „	„ 700	10-50
„ „ 700 „ „	„ 800	12-00
„ „ 800 „ „	„ 900	13-50
„ „ 900 „ „	„ 1,000	15-00
and for every Rs. 500 or part thereof in excess of	Rs. 1,000	7-50

62. Letter of credit, that is to say, any instrument by which one person authorises another to give credit to the person in whose favour it is drawn .. } 0-15
63. Proxy empowering any person to vote at any one election of members of a District or Local board or of a body of Municipal Commissioners, or at any one meeting of (a) members of an incorporated company or other body corporate whose stock, or funds is or are divided into shares and transferable, (b) a local authority or (c) proprietors, members or contributors to the funds of any institution .. } 0-15

DUTY AND EXEMPTIONS—(contd.)

[illegible]

(1)	(2)	(3)
64. Receipt for any money or other property the amount or value of which exceeds Rs. 20	}	0-05



DUTY AND EXEMPTIONS—(contd.)

(4)	(5)	(6)	(7)	(8)
<p>(a) Receipt in any instrument duly stamped (instruments executed on behalf of the Government) or any cheque or bill of exchange payable on demand acknowledging the receipt of the consideration money therein expressed, or the receipt of any principal money, interest or annuity or other periodical payment thereby secured.</p>
<p>(b) For any payment of money without consideration.</p>				
<p>(c) for any payment of rent by a cultivator on account of land assessed to Government revenue, or of Inam Lands.</p>				
<p>(d) for pay or allowance by non-commissioned officers of the Army, Navy or Air Force.</p>				
<p>(e) given by the holders of family certificates.</p>				
<p>(f) for permissions or allowances by persons of the above services.</p>				
<p>(g) given by a headman for land revenue or taxes collected by him.</p>				
<p>(h) given for money deposited in the hands of any banker, to be accounted for.</p>				



(1)	(2)	(3)
-----	-----	-----



65. Policy of Insurance :—

A. Sea-insurance (See section 7)

I. for or upon any voyage :—

- (i) Where the premium or consideration does not exceed the rate of two annas or one eighth per cent of the amount insured by the policy;
- (ii) In any other case, in respect of every full sum of one thousand five hundred rupees and also any fractional part of one thousand five hundred rupees insured by the policy ;

II. for time :—

- (iii) in respect of every full sum of one thousand rupees and also any fractional part of one thousand rupees insured by the policy :—

Where the insurance shall be made for any time not exceeding six months ;

Where the insurance shall be made for any time exceeding six months and not exceeding twelve months.

DUTY AND EXEMPTIONS—(contd.).

(4)	(5)	(6)	(7)	(8)
-----	-----	-----	-----	-----

(Provided that the same is not to be received by any other than the person to whom the same is to be accounted for; provided also that this exemption shall not extend to a receipt or acknowledgement for any sum paid or deposited for or upon a letter of allotment of a share, or in respect of a call upon any script or share of, or in any incorporated or such proposed or intended company or body or in respect of a debenture being a marketable security)

Exemption :—Letter of cover or engagement to issue a policy of insurance; provided that, unless such letter or engagement bears the stamp prescribed by this Act for such policy, nothing shall be claimable thereunder, nor shall it be available for any purpose, except to compel the delivery of the policy therein mentioned.

<i>If drawn singly.</i>	<i>If drawn in duplicate for each part.</i>
Rs. nP. 0.10	Rs. nP. 0.05
0.10	0.05
0.15	0.10
0.25	0.15

(1)	(2)	(3)
<p>B. Fire insurance and other classes of Insurance, not elsewhere included in this article covering goods, merchandise, personal effects, crops, and other property against loss or damage :—</p>		
<p>(1) in respect of any original policy :—</p>		
<p>(i) When the sum insured does not exceed Rs. 5,000</p>		
<p>(ii) In any other case; and</p>		
<p>(2) in respect of each receipt for any payment of a premium on any renewal of an original policy.</p>		
<p>C. Accident and Sickness Insurance :—</p>		
<p>(a) Against railway accident, valid for a single journey only.</p>		
<p>Exemption:—(a) When issued to a passenger travelling by the intermediate or the third class in any railway.</p>		
<p>(b) In any other case:—for the maximum amount which may become payable in the case of any single accident or sickness where such amount does not exceed Rs. 1,000 and also where such amount exceeds, Rs. 1,000 for every Rs. 1,000 or part thereof.</p>		0.15
<p>(c) Insurance by way of Indemnity against liability to pay damages on account of accidents to workmen employed by or under the insurer or against liability to pay compensation under the workmen's Compensation Act, 1923, (8 of 1923) for every Rs. 100 or part thereof payable as premium.</p>		0.10

DUTY AND EXEMPTIONS—(contd.).

(4)	(5)	(6)	(7)	(8)
-----	-----	-----	-----	-----

Fifty naya Paise

One Rupee

One-half of the duty payable in respect of the original policy in addition to the amount, if any, chargeable under No. 53.

0.10



Provided that, in case of a policy of insurance against death by accident when the annual premium payable does not exceed Rs. 2-50 per Rs. 1,000, the duty on such instrument shall be one anna for every Rs. 1,000 or part thereof, the maximum amount which may become payable under it.

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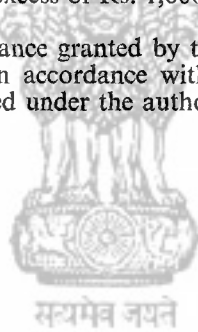
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RATES OF STAMP

(1)	(2)	(3)
D. Life Insurance (or Group Insurance or other Insurance) not Specifically Provided for except such a Re-Insurance as is described in Division E of this article :—		
		<i>If drawn singly. If drawn in duplicate for each part.</i>
		Rs. nP. Rs. nP.
(i) for every sum insured not exceeding Rs. 250	..	0.15 0.10
(ii) for every sum insured exceeding Rs. 250 but not exceeding Rs. 500	0.25 0.15
(iii) for every sum insured exceeding Rs. 500 but not exceeding Rs. 1,000 and also for every Rs.1,000 or part thereof in excess of Rs. 1,000	..	0.40 0.20

Exemption : Policies of life-insurance granted by the Director-General of Post Offices in accordance with rules for Postal Life-Insurance issued under the authority of the Central Government.



E. Re-Insurance by an Insurance Company, which has granted a policy (of the nature specified in division A or division B of this Article), with another company by way of indemnity or guarantee against the payment on the original insurance of a certain part of the sum insured thereby.

DUTY AND EXEMPTIONS—(contd.).

(4)	(5)	(6)	(7)	(8)
-----	-----	-----	-----	-----

(N.B.—If a policy of group insurance is renewed or otherwise modified whereby the sum insured exceeds the sum previously insured on which stamp duty has been paid, the proper stamp must be borne on the excess sum so insured).



One-quarter of the duty payable in respect of the original insurance but not less than ten naye paise or more than one rupee.

INCOME AND EXPENDITURE OF PANCHAYATS

(Rs. in lakhs)

Year	INCOME		EXPENDITURE				
	Total	Govt. grants and Loans	Education	Medical, Health and Public works	Agricul- ture, etc.	Others	Total
1	2	3	4	5	6	7	8
1956-57	164.71	8.40	6.22	59.17	1.45	47.28	114.12
1957-58	238.36	14.14	7.54	87.68	1.78	76.38	173.38
1958-59	291.66	15.56	8.23	101.92	2.08	86.89	199.12
1959-60	308.58	28.76	10.34	106.02	2.70	79.83	198.89



INCOME AND EXPENDITURE OF DISTRICT BOARDS

(Rupees in lakhs)

Years	INCOME			EXPENDITURE			
	Total income	Govt. grants	Educa- tion	Medical and Health	Roads	Others	Total
1	2	3	4	5	6	7	8
1956-57 (1-7-56 to 30-6-57)							
Andhra ..	470.55	135.26	277.64	26.54	47.94	117.12	469.24
Telangana ..	45.70	1.06	0.71	0.06	0.96	17.66	19.39
ANDHRA PRADESH	516.25	136.32	278.35	26.60	48.90	134.78	488.63
1957-58							
Andhra ..	533.26	142.41	353.68	31.75	42.63	101.90	529.96
Telangana	Not available						
1958-59							
Andhra ..	681.11	260.32	441.42	29.27	79.13	99.25	649.07
Telangana ..	48.54	2.55	4.17	1.46	2.05	34.76	44.44
ANDHRA PRADESH	729.65	262.87	445.59	30.73	81.18	134.01	693.51
1959-60 (1-4-59 to 31-10-59)*							
Andhra ..	330.80	126.17	246.47	21.17	31.16	93.19	391.99
Telangana ..	23.37	0.34	1.12	0.74	1.21	29.62	32.69
ANDHRA PRADESH	354.17	126.51	247.59	21.91	32.37	122.81	424.68

* District Boards were abolished and replaced by Zilla Parishads from 1-11-1959.

INCOME AND EXPENDITURE OF MUNICIPALITIES

(Rupees in lakhs)

Years	INCOME		EXPENDITURE				
	Total income	Govt. grants	Edu- cation	Medical and Health	Roads	Others	Total
1	2	3	4	5	6	7	8
1956-57 (1-7-56 to 30-6-57)							
Andhra ..	232.95	65.92	29.42	26.23	N.A.	N.A.	202.74
Telangana ..	42.67	7.75	N.A.	12.01	0.76	37.37	50.14
ANDHRA PRADESH .	275.62	73.67		38.24			252.88
1957-58							
Andhra ..	515.70	128.31	25.72	39.87	N.A.	N.A.	502.95
Telangana			Not available				
1958-59							
Andhra ..	466.84	147.57	26.70	52.19	N.A.	N.A.	439.16
Telangana			Not available				
1959-60							
Andhra ..	496.88	148.14	28.66	86.60	N.A.	N.A.	482.05
Telangana ..	52.34			Not available			49.70
ANDHRA PRADESH	549.22						531.75



सत्यमेव जयते

STATEMENT SHOWING THE FINANCIAL AND PHYSICAL TARGETS

Sl No.	Name of the Project	Financial targets and achievements					
		Second Plan Provi- sion	Expenditure during				Provision for 1960-61
			1956-57	1957-58	1958-59	1959-60	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Krishna Barrage scheme	120.65	75.05	30.40	13.68	7.84	10.08
2.	Romperu Drainage scheme ..	.. 2.76	0.11	2.04	0.56	0.14	..
3.	Bhairavanitippa Project ..	.. 110.22	26.85	23.95	30.80	21.36	1.23
4.	Upper Pennar Project ..	.. 33.29	21.23	7.77	1.21	1.72	(—)0.28
5.	Rallapadu Project ..	.. 30.09	24.59	4.56	1.64	(—) 5.30	(—)0.18
6.	Tungabhadra Low level Canal ..	.. 85.63	23.19	12.36	15.28	19.64	14.89
7.	Tungabhadra High level Canal ..	.. 206.58	7.11	12.97	19.38	60.96	133.69
8.	Vamsadhara Project ..	.. 49.78	..	..	..	..	10.00
9.	Investigation of projects (Andhra) ..	.. 5.00	..	..	..	1.16	4.00
10.	Rajolibanda Diversion scheme ..	.. 175.24	14.22	25.22	40.00	31.61	50.00
11.	Khaddam Project ..	.. 201.84	19.57	24.95	17.32	52.76	40.00
12.	Pochampadu Project ..	.. 65.00	..	..	..	2.59	40.00
13.	Investigation of Pro- jects (Telangana) ..	.. 15.79	..	..	4.85	6.32	2.00
Total		.. 1101.87	211.92	144.22	144.72	211.40	306.35

AND ACHIEVEMENTS IN RESPECT OF MAJOR IRRIGATION PROJECTS

(Rs. in lakhs).

Physical targets and achievements.

<i>Item</i>	<i>Unit</i>	<i>Second Plan target</i>	1956-57	1957-58	1958-59	1959-60	<i>Total target for 1960-61</i>
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Area to be irrigated.	Lakh Acs.	1.17	..	0.11	0.46	0.20	0.65
"	"	0.05	..	..	0.08	0.08	..
"	"	0.06	..	..	0.02	0.03	0.05
"	"	0.025	..	..	0.007	0.012	0.095
"	"	0.082	..	..	0.005	0.050	0.095
"	"	1.31	0.24	0.40	0.71	0.59	1.49
"	"
"	"
"	"
"	"	0.99	..	..	0.006	0.05	0.218
"	"	0.67	..	0.036	0.09	0.026	0.52
"	"
"	"
"	"	4.357	0.24	0.546	1.324	1.038	2.118

STATEMENT SHOWING THE FINANCIAL AND PHYSICAL TARGETS

Sl. No.	Name of the Scheme	Financial Targets and achievements					
		Second Plan Provision	Expenditure during				Provi- sion for
		1956-57	1957-58	1958-59	1959-60	1960-61	
(1)	(2)	(3)	(4)	(5)	(5)	(7)	(8)
1.	Machkund Hydro Electric Scheme including spill over of Nellore Thermal Scheme and Machkund Hydro Electric scheme second stage	.. 617.25	467.09	198.10	91.62	29.85	(—)0.92
2.	Tungabhadra—Hydro Electric Scheme	.. 360.00	222.62	108.95	35.54	10.20	16.05
3.	Tungabhadra Nellore Hydro Thermal Scheme	194.22	38.09	(—)9.07	5.56	25.49	67.00
4.	Upper Seleru Hydro Electric Scheme	.. 175.01	..	0.74	2.55	46.31	92.45
5.	Rural Electrification including extensions costing over Rs. 10 lakhs and extension supply to bulk loads	.. 1072.21	152.15	219.81	245.00	304.89	74.96
6.	Investigation of new projects (Andhra)	.. 14.79	2.31	4.72	3.45	5.10	5.00
7.	Srisailem Hydro Electric Project (preliminary works)	.. 15.00	..	..	..	..	15.00
8.	Telangana Hydro Thermal Schemes	.. 500.80	121.66	152.69	..	155.67	45.35
9.	Rural Electrification scheme	.. 305.07	20.28	79.37	146.97	93.77	21.95
10.	Investigation of new Project (Telangana)	.. 6.37	0.15	1.22	..	..	3.00
11.	Devnoor Hydro Electric scheme	.. 20.00	..	..	..	..	20.00

AND ACHIEVEMENTS IN RESPECT OF POWER PROJECTS

(Rupees in lakhs)

<i>Physical Targets and achievements</i>							
<i>Item</i>	<i>Unit</i>	<i>Second Plan Target</i>	<i>1956— 57</i>	<i>1957— 58</i>	<i>1958— 59</i>	<i>1959— 60</i>	<i>Target for 1960-61</i>
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Installed Capacity	K.W.	56,525	11,900	..	14,875	29,750	..
do	do	28,800	7,200	21,600	..	..	..
do	do	..	..	..	..	..	..
do	do	..	..	..	..	..	..
Villages to be electrified	No.	950	220	257	373	494	100
do	do	..	..	..	..	..	..
do	do	..	..	..	..	..	..
Installed capacity	K.W.	37,500	..	37,500	..	..	..
Villages to be electrified	No.	300	7	103	105	145	20
Installed capacity	K.W.	..	..	..	..	..	..
do	do	..	..	..	..	..	..

**STATEMENT SHOWING PARTICULARS OF GROSS EXPENDITURE,
LOANS AND GRANTS FROM THE CENTRE FOR GROW MORE
FOOD SCHEMES AND ESTIMATED INCREASE IN FOOD
PRODUCTION IN THE YEARS 1956-57 to 1960-61**

... AGRICULTURE SCHEMES

(Rs. In Lakhs)

Year		Expenditure incurred	Amounts sanctioned by the Centre	
			Loans.	Grants.
(1)		(2)	(3)	(4)
1956-1957	..	2.02	2.02	..
1957-1958	..	2.81	2.69	0.06
1958-1959	..	8.55	5.00	1.78
1959-1960	..	24.52	4.92	9.80
1960-1961	..	25.58	5.00	10.29

FISHERIES SCHEMES

Year		Expenditure incurred	Amounts sanctioned by the Centre	
			Loans	Grants
(1)		(2)	(3)	(4)
1956-1957	..	1.33	3.73	2.05
1957-1958	..	5.64	1.83	2.49
1958-1959	..	11.75	1.11	3.64
1959-1960	..	17.55	..	5.88
1960-1961	..	10.00	0.40	8.11

Note.—The information is not complete as reports from certain Departments have not been received.

(Contd.)

INCREASE IN PRODUCTION

<i>Years.</i>	<i>Unit</i>	<i>Increase in Production Over 1955 - 56</i>
1956-1957	Lakh Tons	2.66
1957-1958	„	3.18
1958-1959	„	8.34
1959-1960	„	7.63
1960-61 (Target for the year)	„	5.49

The additional production by the end of 1960-61 to that of 1955-56 will be 13.12 lakh tons.



**STRENGTH OF ESTABLISHMENT UNDER POLICE, GENERAL
ADMINISTRATION, JUSTICE AND JAILS IN ANDHRA PRADESH.**

Department.	<i>Andhra.*</i>		<i>Telangana.</i>		<i>Andhra Pradesh.</i>		
	1-4-1956.	1-4-48.	1-4-52.	1-4-56.	1-4-56.	1-4-60.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
POLICE.							
Gazetted	93	77	84	77	170	192
Non-Gazetted	21,798	22,701	24,316	19,522	41,320	43,579
GENERAL ADMINISTRATION.							
Gazetted	1,374	1,017	1,016	1,231	2,605	3,210
Non-Gazetted	42,734	24,862	27,004	38,726	81,460	1,53,610
JUSTICE.							
Gazetted	152	95	114	132	284	411
Non-Gazetted	4,549	989	1,256	1,264	5,813	6,072
JAILS.							
Gazetted	10	14	19	11	21	24
Non-Gazetted	327	727	751	566	893	1,023

*Seperate data for Andhra for 1948 and 1952 is not available as Andhra was a part of composite Madras State at that time.

PRIMARY SCHOOLS

		1948*	1952	1956	1960
Number of Schools	..	3,591	22,981	28,135	29,952
Number of Pupils	..	2,30,647	18,69,760	23,17,490	23,46,653
Number of Teachers	..	8,344	62,806	75,932	83,848

*Data relates to Telangana only.



STATEMENT SHOWING THE LENGTH OF GOVERNMENT AND LOCAL BODIES ROADS IN THE ANDHRA AREA ACCORDING TO CLASSIFICATION

In Miles

Position on	GOVERNMENT ROADS					DISTRICT BOARD ROADS				
	Cement concrete	Black top	Metalled	Unmetalled	Total	Cement concrete	Black top	Metalled	Unmetalled	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1-4-1948	..	..	6095*	214	6309	..	..	4058	3499	7557
1-4-1952	97	342	5989	166**	6594	..	2	4621	3356**	7979
1-4-1956	143	2326	4226	147**	6842	..	20	5223	3506	8749
1-4-1960	155	3760	3565	383	7863E	1	83	4700	2945	7729***

Mileage of Government and District Board roads according to classification are given below :—

	GOVERNMENT ROADS					DISTRICT BOARD (ZILLA PARISHAD) ROADS				
	National Highways	State Highways	Major District Roads	Other District Roads	Total	Major District Roads	Other District Roads	Village Roads	Total	
1-4-1952	922	1326	4325	21	6594	2295	2559	3125	7979	
1-4-1956	927	1361	4519	35	6842	2333	2719	3697	8749	

1-4-1960

7729

3442

2768

1519

7863£

84

5352

1501

926

NOTE.—1. National Highways have been included in Government roads in the details given for 1948.

2. Particulars of Surfaces of roads such as cement concrete, Black top, metalled and unmetalled according to classification of roads, viz. National Highways, State Highways etc. are not available.

3. In arriving at the particulars for 1948 and 1952 one third mileage of ex-Bellary District prior to 1-10-1953 (the date on which the Andhra State was formed) was only taken into account as only 3 taluks out of nine of Bellary District were merged with Andhra State.

*Inclusive of Black top, cement concrete surfaced roads.

**Reduction in the mileage compared to previous years is due to upgrading of unmetalled roads to metalled surface.

***The total mileage of District Board roads was reduced during the period from 1-4-1956 and 31-3-1960 due to transfer of some District Board Roads to the control of Government.

£ The surface mileage of Government roads changed due to (i) upgrading of roads from lower type to higher type (ii) formation of new roads and (iii) transfer of roads from the control of District Boards to Government.

STATEMENT SHOWING THE LENGTH OF GOVERNMENT ROADS IN TELANGANA AREA ACCORDING TO CLASSIFICATION OF ROADS

Classification of roads	Mileage as on 1-4-1952					Mileage as on 1-4-1956					Mileage as on 1-4-1960					Total
	Cement concrete	Black top	Metal led	Unmetalled	Total	Cement concrete	Black top	Metal led	Unmetalled	Total	Cement concrete	Black top	Metal led	Unmetalled		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
National Highways	38	..	384	..	422	38	185	215	..	438	38	351	83	..	472	
State Highways	1	6	2221	623	2851	1	89	2226	650	2966	30	548	2281	596	3455	
Total	39	6	2605	623	3273	39	274	2441	650	3404	68	899	2364	596	3927	

NOTE:— (1) General

- (a) The details of roads as on 1-4-1948 in Telangana area are not shown in this statement as the same are not available.
 (b) Government roads in Telangana area are not classified as State Highways, Major District Roads and Other District Roads.

(c) Particulars relating to District Board Roads in Telangana region will be furnished separately.

(2) Changes of National Highways from 1-4-52 to 31-3-1956.

- (a) M. 2-00 of metalled roads newly formed ;
 (b) M. 14-00 of metalled roads of State Transferred to National Highways.
 (c) M. 185-00 of metalled roads upgraded to B.T. Surface.

(3) Changes of State Roads from 1-4-1952 to 31-3-1956.

- (a) Metalled roads for M-84-00 and unmetalled roads for M. 45-00 formed newly.
 (b) M. 14-00 of metalled roads transferred to National Highways ;

- (c) M. 18-00 of unmetalled roads upgraded to metalled roads ;
 - (d) M. 83-00 of metalled roads upgraded to B.T. Surface.
- (4) Changes of National Highways from 1-4-1956 to 31-3-1960.
- (a) M. 24-00 of B.T. and M. 10-00 of W.B.M. transferred to the Divisions in Telangana area from the Divisions merged with other States at the time of trifurcation of ex-Hyderabad State ;
 - (b) M. 142-00 of metalled roads upgraded to B.T. surface.
- (5) Changes of State roads from 1-4-1956 to 31-3-1960.
- (a) Metalled roads for M.45-00 and unmetalled roads for M. 80-00 transferred to the divisions of Telangana area from the divisions merged with other states at the time of trifurcation of ex-Hyderabad State ;
 - (b) M. 364 of metalled roads formed newly ;
 - (c) M. 29-00 of metalled roads upgraded to C.C surface ;
 - (d) M. 134-00 of unmetalled roads upgraded to metalled surface ;
 - (e) M. 459-00 of metalled roads upgraded to B.T. surface.

**STATEMENT SHOWING THE NUMBER OF HOSPITALS AND
DISPENSARIES, BEDS, NURSES, DOCTORS AND MIDWIVES IN
ANDHRA PRADESH IN 1948, 1952, 1956 and 1960.**

			<i>On</i> 1-4-1948	<i>On</i> 1-4-1952	<i>On</i> 1-4-1956	<i>On</i> 1-4-1960
ANDHRA*						
No. of Hospitals and Dispensaries.						
	Urban	..	109	128	139	151
	Rural	..	377	384	399	533
No. of Beds	Urban	..	6,877	7,179	8,448	11,490
	Rural	..	1,044	1,121	1,421	
No. of Nurses	.	..	729	788	849	1,060
No. of Doctors	..	..	351	394	464	821
No. of Midwives	..	..	184	201	286	538
TELANGANA						
No. of Hospitals and Dispensaries.						
	Urban	..	32	44	44	113
	Rural	..	9	183	194	197
No. of Beds	Urban	..	4,700	4,700	5,293	7,921
	Rural	..	849	966	966	
No. of Nurses	..	..	254	368	375	523
No. of Doctors	..	..	323	408	459	679
No. of Midwives	..	..	24	212	252	413
ANDHRA PRADESH						
No. of Hospitals and Dispensaries.						
	Urban	..	141	172	183	264
	Rural	..	386	567	593	730
No. of Beds	Urban	..	11,577	11,879	13,741	19,411
	Rural	..	1,893	2,087	2,387	
No. of Nurses	.	..	983	1,156	1,224	1,583
No. of Doctors	..	..	674	802	923	1,500
No. of Midwives	..	..	208	413	538	951

*Andhra figures relate to 1949-50 to 1952-53, 1952-53 to 1955-56.

INFORMATION REGARDING COMMUNITY DEVELOPMENT PROGRAMME FOR THE YEARS 1956-57 To 1960-61

Sl. No.	Item	1956-57	1957-58	1958-59	1959-60	1960-61
1.	Total number of blocks ..	125	185	207	246	282
2.	Area covered (sq. miles) ..	31,658.96	43,102.90	48,737.94	51,500.98	59,396.90
3.	Number of villages ..	9,048	12,702	14,370	15,354	17,559
4.	Population ..	9,889,381	13,555,337	14,797,984	16,570,000	18,810,535
5.	Expenditure (Rs.) ..	46,176,690	75,787,140	107,809,971	140,647,971	..
6.	People's contribution (Rs.) ..	22,119,425	35,719,396	49,784,386	58,853,385	..
7.	Improved seeds distributed (Tons.) ..	1,294,615	2,162,494	3,283,582	4,071,526	..
8.	Chemical fertilisers distributed (Tons.) ..	4,710,757	7,668,190	10,848,684	13,758,171	..
9.	Improved animals supplied ..	4,634	7,413	11,604	15,732	..
10.	Additional area brought under irrigation (Acres.) ..	277,971	467,740	601,637	636,560	..
11.	Drinking water wells constructed ..	22,111	7,803	12,092	15,976	..
12.	Adults made literate	155,045	234,306	311,919	371,788	..

NOTE—The above table does not include information pertaining to pre-extension blocks. The entire State of Andhra Pradesh will be covered by the Community Development Programme (455 blocks) by October, 1963. The total outlay for Community Development Programme in the Third Five-Year Plan is Rs. 2550.00 lakhs. The outlay in lakhs of rupees has been phased as follows :—

1961-62	1962-63	1963-64	1964-65	1965-66
477.43	530.96	556.04	525.81	459.76

ELECTRICITY GENERATED

(Figures in million K.W.).

		1948	1952	1956	1960	
(1)		(2)	(3)	(4)	(5)	
<i>Andhra**</i>						
(i) Government	.. ..	30.560	93.780	162.740	} Information not readily available
(ii) Private	.. ..	20.550	..	..
<i>Telangana *</i>						
(i) Government	.. ..	35.184	51.807 @	67.989	
(ii) Private	.. ..	34.511	43.855 @	54.325	
<i>Andhra Pradesh</i>						
(i) Government	.. ..	65.744	145.587	230.729	}
(ii) Private	.. ..	55.061	43.855	54.325	

*Year Ending 31st December (Calendar Year).

**Year Ending 31st March (Financial Year).

@Estimated on the basis of monthly average for nine months.

**STATEMENT SHOWING THE FINANCIAL RESULTS OF THE WORKING
OF STATE COMMERCIAL AND INDUSTRIAL UNDERTAKINGS.**

(In lakhs of Rupees)

<i>Year</i>	<i>Gross Revenue during the year</i>	<i>working expenses</i>	<i>(@) D.R.F. and S.R.F.</i>	<i>Total working expenses</i>	<i>Net Revenue</i>	<i>Interest on Capital</i>	<i>Surplus (+) Deficit (—)</i>
1	2	3	4	5	6	7	8
Electricity Undertakings							
1957-1958	359.63	118.98	38.21	157.19	202.44	280.94	(—) 78.50
1958-1959	442.25	195.92	186.48	382.40	59.85	317.48	(—) 257.63
1959-1960	555.83	134.79	93.86	228.65	327.18	340.96	(—) 13.78
1960-1961 (R.E.)	636.94	554.57	88.39	642.96	(—) 6.02	171.31	(—) 177.33
Road Transport Corporation							
1957-1958	232.20	172.99*	26.24	199.23	32.97	11.63	(+) 21.34
1958-1959	270.27	203.86*	37.40	241.26	29.01	11.81	(+) 17.20
1959-1960	372.70	281.87*	60.91	342.78	29.92	15.48	(+) 14.44
1960-1961 (R.E.)	505.00	378.45*	102.83	481.28	23.72	23.72	..
Government Distilleries							
1957-1958	39.19	19.48	1.61	21.09	18.10	0.90	(+) 17.20
1958-1959	30.45	17.57	1.54	19.11	11.34	0.92	(+) 10.42
1959-1960	53.02	26.56	1.11	27.67	25.35	1.19	(+) 24.16
1960-1961 (R.E.)	67.12	35.80	1.66	37.46	29.66	1.54	(+) 28.12
Andhra Paper Mills, Rajahmundry							
1957-1958	11.49	15.31	1.57	16.88	(—) 5.39	2.18	(—) 7.57
1958-1959	45.67	19.99	1.62	21.61	24.06	2.44	(+) 21.62
1959-1960	39.56	26.22	1.73	27.95	11.61	2.58	(+) 9.03
1960-1961 (R.E.)	57.67	35.00	1.85	36.85	20.82	2.58	(+) 18.24

* Inclusive of Income Tax.

@ D.R.F. Depreciation Reserve Fund.
S.R.F. Special Reserve Fund.

**STATEMENT SHOWING THE FINANCIAL RESULTS OF
THE WORKING OF STATE COMMERCIAL AND
INDUSTRIAL UNDERTAKINGS—(Contd.)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Government Ceramic Factory, Gudur							
1957-1958	4.64	2.78	0.23	3.01	1.63	0.16 (+)	1.47
1958-1959	4.73	2.98	0.24	3.22	1.51	0.35 (+)	1.16
1959-1960	6.76	4.85	0.50	5.35	1.41	0.41 (+)	1.00
1960-1961 (R.E.)	7.00	5.00	0.50	5.50	1.50	0.44 (+)	1.06
Government Block Glass Plant, Gudur							
1957-1958 (—)	0.01	0.09	0.09	0.18 (—)	0.19	0.06 (—)	0.25
1958-1959 (—)	0.06	0.06	0.09	0.15 (—)	0.21	0.18 (—)	0.39
1959-1960	0.11	0.25	0.04	0.29 (—)	0.18	0.14 (—)	0.32
1960-1961 (R.E.)	0.15	0.25	0.05	0.30 (—)	0.15	0.14 (—)	0.29
Government Handicrafts and Cottage Industries Emporium							
1957-1958	4.50	4.62	4.62 (—)	0.06	..	(—)	0.06
1958-1959	6.97	6.91	..	6.91	0.06	..	(+) 0.06
1959-1960	5.79	5.66	..	5.66	0.13	..	(+) 0.13
1960-1961 (R.E.)	7.00	6.80	..	6.80	0.20	..	(+) 0.20

CESSES LEVIED BY THE STATE GOVERNMENT AND LOCAL BODIES

<i>Particulars</i>	RATE OF CESS IN		<i>Remarks</i>
	1956-57	1959-60 & 1960-61	
(1)	(2)	(3)	(4)

CESSES LEVIED BY THE STATE GOVERNMENT

1. *Sugarcane Cess :*

Andhra ..	Rs. 3 per ton	Rs. 5 per ton	} No part of this cess is transferred to local bodies.
Telangana ..	Rs. 4 per ton	Rs. 5 per ton	

CESSES LEVIED BY THE LOCAL BODIES

1. *Land cess.*

Andhra ..	As. 2 per Rupee of Land Revenue	As. 2 per Rupee of Land Revenue	} These Cesses are collected by the State along with Land Revenue. In Andhra area the total collections under this head are made over to the local bodies without deducting cost of collection. In Telanana the cost of collection is de- ducted before the amount is made over to the local bodies.
Telangana ..	do	do	

2. *Education Cess.*

Andhra ..	As. 3 per Rupee of Land Revenue	As. 3 per Rupee of Land Revenue	} These Cesses are collected by the State along with Land Revenue. In Andhra area the total collections under this head are made over to the local bodies without deducting cost of collection. In Telanana the cost of collection is de- ducted before the amount is made over to the local bodies.
Telangana ..	Nil.	Nil.	

NOTE.—These cesses are levied by the local authorities and the limits of/rates of such cesses are laid down by law. Municipalities and Panchayats in Andhra area are allowed to levy the following additional taxes :—

(a) Municipalities can levy rates on land put exclusively to agricultural use. (b) Panchayats can levy rates on agricultural land for specific purposes. Not all the Panchayats and municipalities levy these rates. Rates, within limits, vary from place to place. No data on these is available.

**STATEMENT SHOWING THE OUTSTANDING PUBLIC DEBT OF
ANDHRA AND TELENGANA REGIONS AND THE INTEREST
YIELDING ASSETS AGAINST PUBLIC DEBT ON 1-10-1953 AND
1-4-1952 RESPECTIVELY**

(Rupees in Crores.)

<i>Particulars</i>				<i>Balance as on 1-10-1953</i>
Andhra				
A. Debt Position				
1. Public Debt.	..	..	..	11.78
2. Loans taken from the Government of India	..	..	..	21.37
Total Debt (A)				33.15
B. Interest Yielding Assests				
1. Capital Outlay on Irrigation Schemes	..	..	..	23.78
2. Capital Outlay on Electricity Schemes	..	..	..	9.83
3. Capital Outlay on Commercial Concerns	..	..	..	0.32
4. Loans and Advances by State Government	..	..	..	9.26
Total Assets (B)				43.19
<i>Particulars</i>				<i>Balance as on 1-4-1952</i>
Telengana				
A. Debt Position				
1. Public Debt.	..	..	..	25.28
2. Loans taken from Government of India	..	..	..	2.68
3. Unfunded Debt.	..	..	..	1.75
Total Debt (A)				29.71
B. Interest Yielding Assets				
1. Irrigation Projects	..	..	..	9.21
2. Multipurpose river schemes	..	..	..	3.22
3. Electricity Schemes	..	..	..	3.25
4. Buildings.	..	..	..	3.78
5. Road transport Schemes	..	..	..	2.44
6. Other Advances	..	..	..	10.68
Total Assets (B)				32.58

STATEMENT SHOWING THE OUTSTANDING PUBLIC DEBT OF THE
ANDHRA PRADESH STATE AND THE INTEREST YIELDING ASSETS
AGAINST PUBLIC DEBT AS ON 1-4-1957 AND 1-4-1961

(Rs. in Crores)

	<i>Balance as on 1-4-1957</i>	<i>Balance as on 1-4-1961</i>
1	2	3
A. Debt Position		
1. Public Debt	22.39	65.89
2. Loans from Central Government ..	106.71	133.87
3. Other Loans .. ..	..	4.87
Total ..	129.10	204.63
B. Interest-Yielding Assets		
1. Capital Outlay on Irrigation Schemes	56.31	83.97
2. Capital Outlay on Electricity Schemes	47.14	69.45
3. Capital Outlay on Multipurpose Projects	12.78	39.48
4. Capital Outlay on Industrial Development	0.89	11.44
5. Road Transport Schemes ..	3.45	3.51
6. Civil Works	4.87	21.66
7. Loans and Advances by State Government	29.21	42.77
Total ..	154.65	272.28



सत्यमेव जयते

1956-57 To 1961-62





सत्यमेव जयते

**SUMMARY OF THE FINANCIAL AND WAYS AND MEANS POSITION
OF THE GOVERNMENT FROM 1959-60 To 1961-62**

(Rupees in Lakhs)

	<i>Accounts 1959-60</i>	<i>Revised Estimate 1960-61</i>	<i>Budget Estimate 1961-62</i>
	2	3	4
Opening Balance	595.50	151.65	(—) 761.33
Revenue Account :			
Revenue Receipts.	8194.40	8779.76	8512.54
Expenditure	7462.81	8612.05	8762.93
Surplus (+)]	(+) 731.59	(+) 167.71	(—) 250.39
Deficit (—)]			
Capital Expenditure :			
Capital Outlay excluding Schemes of Government Trading	2608.78	3252.81	3460.52
Schemes of Government Trading	4.60	(—) 55.75	(—) 4.95
Total Capital Expenditure	2613.38	3197.06	3455.57
Loans and Advances (Net Disbursements)	333.24	672.38	526.83
Public Debt:			
Floating Loans (Net)	457.36	(—) 457.36	..
Loans received from the Central Government and autonomous bodies			
(a) Share in Small Savings collections	229.00	400.00	250.00
(b) Other Loans	1915.61	3371.80	2682.66
Loans raised in the Open Market	655.26	981.49	1200.00
Deduct: Repayment of loans	1664.70	2306.77	1576.94
Net Public Debt	1592.53	1989.16	2555.72
Contingency Fund	0.94	..	..
Other Debt, Deposit, Remittance, etc.			
Transaction (Net)	177.71	799.59	1283.38
Closing Balance	151.65	(—) 761.33	(—) 1155.02

AN ANALYSIS OF REVENUE AND EXPENDITURE ON REVENUE ACCOUNT

NOTE.—The accounts for 1956-57 relate to Andhra for the full year and Telangana for the last five months.

A. Receipts on Revenue Account

(Rs. in Lakhs)

Description of items	Accounts					B. E. 1961-62
	1956-57	1957-58	1958-59	1959-60	1960-61	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I. Share of Central Revenue from Income-tax, Union Excise Duties, Additional Duties of Excise, Estate Duty and Taxes on Railway fares						
.. ..	534.76	1007.81	1327.34	1424.97	1668.35	1635.99
Total ..	534.76	1007.81	1327.34	1424.97	1668.35	1635.99
II. Principal Heads of Revenue :—						
Land Revenue (including portion due to irrigation)	751.52	1058.63	1038.95	1130.05	1100.85	1180.00
State Excise Duties	272.71	633.05	659.42	762.15	770.14	812.35
Stamps	264.83	272.90	251.34	321.13	324.96	370.19
Forest	158.54	246.66	274.08	305.69	287.28	300.00
Registration	47.15	57.69	69.06	93.23	100.00	105.80

Taxes on Vehicles	..	..	200.95	234.66	257.65	253.99	294.02	299.02
General Sales Tax	..	..	598.79	893.40	845.52	1080.41	1133.97	1159.57
Receipts under the Sales of Motor Spirit Taxation Act.	..	..	68.64	69.22	75.18	85.44	110.85	112.00
Other Taxes and Duties	..	..	100.90	133.98	105.41	204.76	239.34	242.48
Total	..	..	2464.03	3600.19	3576.61	4236.85	4361.41	4581.41

III. Receipts from Electricity Schemes :—

Gross Receipts	141.06	{	202.44	{	442.25	344.33	435.55	471.31
Working Expenses					--382.40	--181.25	--242.50	--269.41
NET RECEIPTS	..		141.06	202.44	59.85	163.08	193.05	201.81

IV. Receipts under other Heads	..	..	703.97	1422.19	1788.43	2369.50	2556.95	2093.31
GRAND TOTAL	..	..	3843.82	6232.63	6752.23	8194.40	8779.76	8512.50

AN ANALYSIS OF REVENUE AND EXPENDITURE ON REVENUE ACCOUNT--(Contd.)

B. Expenditure on Revenue Account

(Rs. in Lakhs)

Description of items	Accounts					B. E.	
	(1)	(2)	(3)	(4)	(5)	1960-61	1961-62
		1956-57	1957-58	1958-59	1959-60		
I. Nation Building Services :—							
Education	672.31	1036.92	1256.47	1530.16	1796.86	1716.55
Medical	185.17	298.88	349.24	405.85	471.34	484.48
Public Health	78.61	125.50	116.76	141.77	257.20	233.21
Agriculture	104.96	174.52	211.30	263.85	361.18	409.83
Animal Husbandry	44.64	66.31	90.82	108.02	154.24	170.58
Co-operation	58.32	36.86	138.53	145.86	174.52	184.52
Industries	93.12	91.13	136.16	154.09	215.01	218.09
Civil Works	259.05	320.27	445.22	590.26	569.09	575.02

Community Development, National Extension Service and Local Development Works
Amelioration of Scheduled Tribes, Castes, etc.

Total

191.01	292.56	311.16	394.27	477.46	534.19
126.48	197.45	250.88	283.01	387.79	271.40
1813.67	2640.40	3306.54	4017.14	4864.69	4797.87

II. Direct Demands on Revenue (or charges of administration relating to principal heads of Revenue)

III. Debt services

IV. Pensions

V. Other Heads (General Administration, Administration of Justice, Police, etc.)

GRAND TOTAL

310.45	419.97	452.77	592.14	781.44	791.64
322.42	567.88	555.18	610.73	682.62	813.57
114.06	200.85	195.52	207.23	234.05	227.27
1240.72	1681.82	1831.96	2035.57	2049.25	2132.58
3801.32	5510.92	6341.97	7462.81	8612.05	8762.93

AN ANALYSIS OF CAPITAL EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

(Rs. in lakhs)

<i>Description of items</i>	<i>Accounts 1956-57</i>	<i>Accounts 1957-58</i>	<i>Accounts 1958-59</i>	<i>Accounts 1959-60</i>	<i>R.E. 1960-61</i>	<i>B.E. 1961-62</i>
1	2	3	4	5	6	7
I. Nation Building Services :						
Irrigation ..	894.50	1177.74	1356.26	1487.13	1792.07	1567.43
Electricity ..	912.16	798.15	578.60	158.09	307.82	556.16
Industrial Development	34.94	204.74	235.87	264.78	398.15	533.95
Agricultural Improve- ment, and Research ..	9.20	26.03	34.14	38.49	86.17	44.38
Civil Works ..	164.25	249.07	345.11	473.63	504.08	482.76
Improvement of Public Health ..	79.34	—6.93	1.09	51.09	102.73	93.78
Total	2094.39	2448.80	2551.07	2473.21	3191.02	3278.46
II. Other services ..	29.23	78.84	—79.90	140.17	6.04	177.11
Grand Total	2123.62	2527.64	2471.17	2613.38	3197.06	3455.57

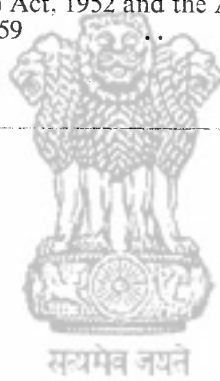
APPENDIX 'D'

STATEMENT SHOWING THE TAXATION MEASURES INTRODUCED BY THE ANDHRA PRADESH GOVERNMENT DURING THE SECOND PLAN PERIOD AND THE TOTAL YIELD ESTIMATED DURING 1956-61.

<i>Nature of taxes</i>	<i>Year in which the measure was introduced Total Estimated yield During Second Plan Period, i.e., to end of 1960-61 (Rupees in Crores)</i>		
(1)	(2)		
1. Purchase tax on Food-grains etc.	1956-57	3.05	
2. Sales tax on Country Tobacco	1956-57	1.40	
3. Amendments to Sales-Tax Act	1956-57	1.40	
4. Inter State Sales Tax	1956-57	1.75	
5. Standardization of Land Revenue (Andhra)	1956-57	0.75	
6. Increase (25%) in wet assessment (Andhra)	1956-57	0.25	
7. Minor changes in the Taxation Structure made by ex-Hyderabad Government	1956-57	0.60	
8. Andhra Court Fees & Suits Valuation Act, 1956	1956-57	0.38	
9. Increase of Water rate by 25%	1956-57	0.17	
10. Unification of Sales Tax Laws of Andhra and Telangana	1957-58	3.93	
11. Additional Sales Tax on Motor Spirits	1957-58	0.28	
12. Additional Wet Assessment (Andhra Pradesh) Amendment Act, 1957	1957-58	2.00	
13. Sugar cane Cess	1957-58	1.33	
14. Increase of Water rate by 50%	1957-58	1.33	
15. Levy of Surcharge on Land Revenue	1957-58	1.20	

APPENDIX 'D' (Contd.)

(1)	(2)
16. Levy of Special assessment on Land growing certain Commercial Crops	1957-58 2.01
17. Introduction of the Madras Motor Vehicles Taxation (P & G) Act, 1952 in the Telangana area and the Andhra Pradesh Act X of 1958	1958-59 0.15
18. Enhancement of rates of taxes under the Hyderabad Motor Vehicles Taxation Act, 1955 and Andhra Pradesh Act, VII of 1958.. .. .	1958-59 0.57
19. Enhancement of rates of taxes under the Madras Motor Vehicles (T.P.G.) Act, 1952 and the Andhra Pradesh Act, XXI of 1959	1959-60 1.94
Total ..	24.49



APPENDIX 'E'

DETAILED MEMORANDA

REGARDING ALLOCATION

OF

CENTRAL TAXES





सत्यमेव जयते

MEMORANDUM FOR THE THIRD FINANCE COMMISSION.

ALLOCATION OF INCOME-TAX RECEIPTS.

Under Article 270 of the Constitution, a prescribed percentage of the net proceeds of income-tax is distributed among States every year in the prescribed manner.

The First Finance Commission recommended that the percentage of net proceeds to be distributed among States should be raised from 50 to 55 and that 20 per cent of the States' share should be distributed on the basis of relative collections and 80 per cent on the basis of population according to 1951 Census.

In the memorandum regarding the allocation of income-tax receipts sent in 1956 by the Government of Andhra to the Second Finance Commission, it was suggested that at least 60 per cent of the net proceeds of income-tax should be distributed to States from 1957-58 instead of 55 per cent, as the estimated receipts in 1956-57 were higher than those of any of the previous years since 1950-51. As regards the distribution of the divisible pool among the States, it was pointed out by the Government of Andhra that the First Finance Commission's recommendation that 20 per cent of the States' share of the divisible pool should be distributed on the basis of relative collections and 80 per cent on the basis of population gave an undue advantage to the more industrially and commercially advanced States. It was strongly urged that the factor of collections should be entirely eliminated from the basis of allocation of the net proceeds of income-tax to States and that distribution should be made solely on the basis of population. Subsequently (i.e.), after the formation of Andhra Pradesh, this Government in a supplementary memorandum sent to the Finance Commission in January 1957 suggested that the States should be allowed to have a share in the total receipts from income-tax including Corporation Tax and Surcharge.

The Second Finance Commission recommended that 60 per cent of the net proceeds, in any financial year, of taxes on income other than agricultural income except in so far as those proceeds represent proceeds attributable to Union territories or to taxes payable in respect of Union emoluments, should be assigned to the States. The Commission came to the conclusion that collection should be completely abandoned in favour of population as the basis of distribution. However, as they did not desire to cause a sudden break in the continuity, they proposed that the distribution of the

States' share should be 10 per cent on the basis of collection and 90 per cent on the basis of population. Accordingly, the share of Andhra Pradesh was fixed at 8.12 per cent of the divisible pool. (This has been recently revised to 8.08 per cent on account of territorial adjustments). The Commission did not consider the suggestion for inclusion of Corporation Tax and Surcharge in the divisible pool, on the ground that it was against the provisions of the Constitution.

Figures showing income-tax and Corporation Tax of the Union Government from 1956-57 to 1961-62 are given below:—

(Rs. in crores)

Year.	Taxes on Income	Corporation tax.	Total
1956-57 (Accts.)	151.74	51.18	202.92
1957-58 (")	163.70	56.13	219.83
1958-59 (")	172.01	54.33	226.34
1959-60 (")	148.85	106.56	255.41
1960-61 (R.E.)	127.50	137.50	265.00
1961-62 (B.E.)	131.00	140.00	271.00

In view of the need for augmenting the revenues of the State for the successful implementation of the Third Five-Year Plan and also to make up for the loss of income to the States on account of changes in the method of taxation of company profits, this Government suggest that the entire net proceeds of income-tax should be distributed to the States, from 1961-62.

As regards the distribution of the divisible pool among the States, the last Finance Commission already agreed in principle that collection should be completely abandoned in favour of population. They stated that their recommendation should make it easy to complete, in due course, the process of eliminating the factor of collection altogether and distributing the entire amount of the States' share on the basis of population. In view of the above position, this Government reiterate the suggestion made in the memorandum sent to the last Finance Commission, namely, that the distribution should be made solely on the basis of population of the total receipts from income-tax.

The Government of India proposed to change the present system of taxation on company profits and dividends. As a result of this, the divisible pool of income-tax will be reduced considerably. But the Government of India are making good this loss by special grants-in-aid to the States, pending examination of the matter by the Third Finance Commission. This Government suggest that the distribution should be made in such a manner that the States should not get less than what would be admissible to them if the distribution of income-tax proceeds were to be made on population basis taking into account normal growth of revenue on the old basis. In other words, the States should not suffer any loss on account of the change in the system of taxation on company profits and dividends.

ALLOCATION OF UNION EXCISE DUTIES.

The allocation to and the distribution among the States of Union Duties of Excise, other than such duties on medical and toilet preparations, is governed by the provisions of Article 272 of the Constitution.

The First Finance Commission recommended that 40 per cent of the net proceeds of the excise duties on matches, tobacco (including manufactured tobacco) and vegetable products should be distributed among the States in proportion to their population.

In the memorandum sent to the Second Finance Commission in 1956, the Government of Andhra expressed the view that it would be better if States were given a share in all excise duties. However, they suggested that from 1957-58 a percentage of the net proceeds from Union Excise Duties on cloth, sugar and motor spirit, should also be distributed to States. It was also proposed that the percentage of net proceeds to be distributed to States might be raised from 40 to at least 60. As regards the method of distribution, it was suggested that population should continue to be the basis for allocation of excise duties though it was very disadvantageous to this State in respect of one of the commodities, namely, tobacco. In the supplemental memorandum sent by the Government of Andhra Pradesh, in January 1957, the Government expressed the view that as many items as possible particularly those, the proceeds of which, were not being utilised for giving assistance to the States in other forms, should be included in the list of divisible Union Excise Duties.

In view of the general wish of the States for increasing the number of commodities, the duties on which should be shared, the Second Finance Commission recommended that to the three duties which were then shared,

viz., duties on matches, tobacco (including manufactured tobacco) and vegetable products, should be added the duties on sugar, tea, coffee, paper and vegetable non-essential oils. As to the States' share of these duties the commission recommended that it should be 25 per cent only and observed that the reduction in the share would be more than made good by the widening of the range of divisible duties. As regards the distribution of the States' share of the divisible excises, the Commission recommended that 90 per cent of the States' share should be distributed on the basis of population, the balance of 10 per cent being used for adjustments to be made in favour of States that might be placed in less advantageous position in relation to others. According to the above recommendations, the share of Andhra Pradesh was fixed as 9.38 per cent of the divisible pool. (This has been recently revised to 9.33 per cent on account of territorial adjustments).

Union Excise Duties (basic duties) are now levied on the following commodities, and a total revenue of Rs. 365.55 crores is expected to be realised in 1961-62.

Commodities.						Rs. in crores.
Motor spirit	...	...	...	...	...	39.10
Kerosene	...	...	...	...	...	8.50
Sugar	...	...	...	...	...	46.20
Matches	...	...	...	...	...	18.00
Steel ingots	...	...	...	...	...	12.50
Tyres and tubes	...	...	...	...	...	13.50
Tobacco	...	...	...	...	...	49.35
Vegetable products	...	...	...	...	...	5.25
Coffee	...	...	...	...	...	1.35
Tea	...	...	...	...	...	7.65
Cotton cloth	...	...	...	...	...	38.00
Artificial silk	...	...	...	...	...	1.90
Cement	...	...	...	...	...	17.50
Footwear	...	...	...	...	...	1.60
Soap	...	...	...	...	...	2.10
Wollen fabrics	...	...	...	...	...	0.62
Electric fans	...	...	...	...	...	1.10
Electric bulbs	...	...	...	...	...	0.70
Electric batteries	...	...	...	...	...	1.70
Paper	...	...	...	...	...	8.80

<i>Commodities.</i>	<i>Rs. in crores.</i>
Paints and varnishes	1.40
Vegetable non-essential oils	12.50
Refined diesel oils and vaporising oils	40.00
Industrial fuel oil	10.50
Rayon and synthetic fibres and yarn	2.70
Motor vehicles	10.00
Asphalt and bitumen	3.00
Salt cess	0.79
Coal cess	5.43
Cess on copra	0.10
Cess on oils and oilseeds	0.25
Miscellaneous	7.96
Total (gross) revenue	370.05
Deduct—Refunds and Drawbacks	-4.50
Total (net) revenue	365.55

In the matter of selection of excises the net proceeds of which are to be distributed among States, the First Finance Commission laid down the criterion that “the selected excises should be such as are levied on commodities which are of common and widespread consumption and which yield a sizeable sum of revenue for distribution.” It will be seen from the list above, that there are several commodities, other than those the proceeds of which are not being utilised for distribution among the States, which satisfy the above criterion, such as cement, steel ingots, tyres and tubes, etc. This Government therefore, reiterate the previous view that as many items as possible should be included in the list of divisible Union Excise Duties.

The observations of the Second Finance Commission which are relevant in this connection are extracted below:—

“With taxes on income ceasing to be an expanding source of revenue, it is obvious that any further substantial devolution of revenues to the States by sharing of taxes will have to come from Union excises. The coverage and yield of these duties have expanded considerably in recent years.”

It will be seen that there has been considerable increase in the yield from Union Excise Duties year by year. While in 1957-58, excise duties gave a net yield of Rs. 271.01 crores, the net yield estimated for 1961-62 is Rs. 365.55 crores as noted below:—

Net yield on excise duties.

(Rs. in crores).

1957-58 (Accts.)	271.01
1958-59 ,,	296.82
1959-60 ,,	332.33
1960-61 (Revised Estimate)	354.29
1961-62 (Budget Estimate)	365.55

Distribution of a larger percentage of this revenue to the States after including the yield in respect of other commodities now left out is justified, particularly in view of the imperative need of the State Governments for additional resources for implementation of the Third Five-Year Plan. This should also take into consideration the additional excise duties on textiles, sugar and tobacco which are now levied by the Central Government for the benefit of the States. It has been rightly complained in certain quarters that the Government of India have, in recent years, raised only the basic excise duty on those commodities, which primarily benefit the Central Government without any corresponding increase in the rates of additional excise duty. This Government also holds the same view and considers it as unfair to the States. Having regard to all these factors it is suggested that the additional excise duties may be merged with the basic excise duties on these commodities and that the State's share in the Union Excise Duties should be raised to 50 per cent of the net proceeds of the Union Excise Duties on all the commodities without any exception.

As regards the method of distribution, this Government suggest that the basis of population may be adopted generally. As already stated, this basis is manifestly unfair to this State in respect of one of the commodities, namely, tobacco. According to the Taxation Enquiry Commission, Andhra had the largest area under tobacco cultivation, representing 35 per cent of All India acreage and accounting for 95 per cent of the total production of Virginia tobacco. This Government would therefore strongly urge that a special basis should be adopted for distribution in respect of tobacco.

ALLOCATION OF ESTATE DUTY COLLECTIONS.

Under Article 269 of the Constitution, the entire net proceeds of estate duty in respect of property other than agricultural land, except the proceeds attributable to Union territories, should be assigned to the States and distributed among them in accordance with the principles formulated by law of Parliament. Before the Second Finance Commission made its recommendations, the net proceeds had been distributed among the States in the same ratio as the States' share of the divisible pool of income-tax, pending parliamentary legislation in this regard.

The Government of Andhra suggested in their memorandum sent to the last Finance Commission that the entire net proceeds of estate duty in respect of property other than agricultural land should be distributed among the States on the basis of population.

The last Finance Commission considered that the basis of location would be the most appropriate principle of distribution. As it was not possible to apply the above principle in the case of the part relating to movable property which might be included in an estate, the Commission recommended as follows:—

(1) that out of the net proceeds of the duty in any financial year, a sum equal to one per cent should be retained by the Union as proceeds attributable to Union territories;

(2) the balance should be apportioned between immovable property and other property in the ratio of the gross value of all such properties brought into assessment in that year;

(3) the sum thus apportioned to immovable property should be distributed among the States in proportion to the gross value of the immovable property located in each State;

(4) the sum apportioned to property other than immovable property should be distributed among the States in proportion to their population.

The percentage share of Andhra Pradesh was put down as 8.76. (This has been recently revised to 8.72 per cent on account of territorial adjustments).

This Government do not suggest any modification in the existing arrangement.

DISTRIBUTION OF TAX ON RAILWAY FARES.

Under Article 269 of the Constitution, the entire net proceeds of tax on railway fares, except the proceeds attributable to Union territories should be assigned to the States and distributed among them in accordance with the principles formulated by Parliament by law. In May, 1957, the Second Finance Commission was requested by the Government of India to make recommendations as to the principles which should govern the distribution of the net proceeds in any financial year of the tax on railway fares proposed to be levied by the Railway Passenger Fares Bill, 1957, introduced in the Lok Sabha on 15th May, 1957. In reply to a communication received in this regard, the Government of Andhra Pradesh expressed the view that it would be fair and equitable to all if the net proceeds of the tax on railway fares are distributed among the States on the basis of population.

The Second Finance Commission thought that the principle of distribution for this tax should be such as to secure for each State, as nearly as possible, the share of the net proceeds on account of the actual passenger travel on railways within its limits. The ideal method, in the opinion of the Commission, was to split up the tax collected on each ticket according to the mileage of the routes lying in each State, but it was considered impracticable. The Commission, however, thought that the net proceeds due to passenger travel in a State might be determined with reasonable accuracy by allocating the passenger earnings among the States on the basis of the route mileage within each State, with due allowance for the wide variations in the density of traffic between the various railway zones and as between the various gauges in each zone. The Commission, therefore, came to the conclusion that, if the earnings of each zonal railway were allocated by route mileage located in each State separately for each gauge, that would give, as nearly as possible, an allocation of passenger travel in terms of passenger earnings. On the above basis, the Commission worked out the shares of the States as fixed percentages applicable for five years from 1957-58. Accordingly, the percentage of Andhra Pradesh was fixed as 8.86. (This has been recently revised to 8.81 per cent on account of territorial adjustments.) The Commission recommended that the net proceeds of the tax should be distributed in accordance with the fixed percentages after deducting one quarter per cent for proceeds attributable to Union territories.

As the last Finance Commission's recommendation holds good for the period of five years ending 31st March 1962, the Commission suggested

that steps might be taken to investigate if the railways could not maintain state-wise statistics of route mileage, traffic and earnings. Unless a separate zone is formed for Andhra Pradesh State it would not be possible to say that the present statistics of railway traffic adopted by the Second Finance Commission are fair for this State. The train traffic has tremendously increased and the formation of a separate railway zone will enable the State Government to earn more from the Centre.

However, the recent decision of the Government of India regarding the contribution to be made by the railways to the general revenues of Government of India and the merger of passenger taxes with fares has been considered by this Government. This decision was taken by the Centre without consulting the State Government and would therefore appear to be unfair and against the provisions of Article 269 of the Constitution of India. This Government would like to stress the need for consulting the States before taking such decisions on matters which vitally affect the States.

The present decision of the Government of India to freeze the States' share at 12.5 crores per annum has deprived them of the normal growth of income from this source as a result of expansion of business and economic activity in the country on account of the Five-Year Plans. It may be pointed out that the exact amount due to Andhra Pradesh State even on this basis is difficult to work out as this State does not constitute a separate railway zone.

The Government of Andhra Pradesh consider that the income from this source should be fixed at a certain percentage of the total income from the railway fares (including the merged railway passengers tax) so that the States may get their legitimate share out of the increased income in future.